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NATIONAL MUNICIPAL REVIEW

JANUARY · 1934

Cassandra á la Mode

A City Manager Loses His Job
• • • BERNARD J. SMITH

Utica Battles for the Manager Plan
• • • WALTER H. C. LAVES

How Much Does a Voter Know?
• • • C. T. MALAN

Citizen Responsibility Under the Manager Plan
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My Town—What Can I Do to Boost Its Credit?
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The Worries of 1500 City Officials
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Annual Appraisal of Municipal Reports
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Liquor Control—Principles—Model Law
• • • A Supplement

Index for 1933 to National Municipal Review
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Supplement to the
NATIONAL
MUNICIPAL
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JANUARY -- 1934

Liquor Control:

Principles

Model Law

A Report of the Committee on Liquor Control Legislation of the National Municipal League

Frank O. Lowden, Chairman
Luther Gulick, Secretary

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The Committee on Liquor Control Legislation of the National Municipal League

THE session on Saturday afternoon, November 11, of the National Conference on Government, held in Atlantic City on November 9, 10, and 11, 1933, was devoted to the subject of Government Control of Liquor. At that meeting the following resolution was passed:

WHEREAS, the repeal of the Eighteenth Amendment returns to the several states the problem of liquor control, and

WHEREAS, the combination of the license system in some areas, with prohibition in others, was not satisfactory in the several states before 1920, and

WHEREAS, the inevitable desire for private profit of those who traffic in liquor is the fundamental reason for the failure of the license system, the evasion of the regulatory provisions, the development of liquor politics, the corruption of enforcement agencies, and the thwarting of temperate habits and temperance education; therefore

BE IT RESOLVED by the National Municipal League: first, that the first objective of liquor control legislation be the elimination of private profit in the retail distribution of alcoholic beverages; second, that the State Alcohol Control Authority Plan as outlined in the Fosdick-Scott report, "Toward Liquor Control," offers the most promising plan for eliminating private profit and establishing satisfactory liquor control; and third, that a special committee be appointed by the League to outline principles and specific measures for state liquor control legislation.

Former Governor Frank O. Lowden, of Illinois, consented to serve as chairman of the committee established in accordance with this resolution. The members are as follows:

Hon. Frank O. Lowden of Illinois, *Chairman*

Luther Gulick, Director, Institute of Public Administration, *Secretary*

Frank Bane, Director, American Public Welfare Association

Louis Brownlow, Director, Public Administration Clearing House

A. E. Buck, Institute of Public Administration

Fred G. Clark, Commander-in-Chief of The Crusaders

Senator Thomas C. Desmond of New York

Senator John W. Eggleston of Virginia

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Miss Lavinia Engle, Director, Maryland League of Women Voters

Mark Graves, Commissioner of Taxation and Finance, New York State

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Rodney L. Mott, Editor of *State Government*, Chicago

Senator Henry W. Toll, Secretary, American Legislators' Association

Lent D. Upson, Director, Detroit Bureau of Governmental Research

Governor John G. Winant of New Hampshire

Margaret G. Schneider, *Staff Assistant*

Address all communications to
LUTHER GULICK, SECRETARY
302 East 35th Street
New York, N. Y.

Principles Governing Liquor Control Legislation

By the Committee on Liquor Control Legislation of the National Municipal League

Opinion is practically unanimous that liquor legislation in the United States in the immediate future must have three principal aims: first, to eliminate as far as possible the abuses resulting from the intemperate use of alcoholic beverages; second, to eliminate bootlegging, the speakeasy, corruption and all related forms of lawlessness; and third, to relegate the liquor problem to its proper place so that it will not overshadow and dominate all other social and political issues.

These objectives are interrelated and often in conflict. Our own prohibition experiment has demonstrated that laws designed with the sincere intent of checking the evils of over-indulgence may not only increase bootlegging but also defeat their own purpose. A study of the experience of this and other countries in the long struggle with the liquor problem discloses certain fundamental principles which must be kept in mind in devising legislative schemes to achieve these aims.

I

For the purpose of minimizing excessive use of alcohol, legislation in general should be guided by these principles:

1. The private profit motive for stimulating retail sales must be removed so far as it is possible. It was the private liquor business, intent on profits and sales, that resulted in the intensive development of the old saloon with all its evils and abuses. It is with this experience in mind that state management of the sale of hard liquor has been proposed. In response to the public demand for temperance the state will content itself with the minimum sales volume. It would not push the business for the sake of the profits.

2. The laws and regulations must differentiate between light wines and beers on the one hand, and hard liquors on the other. The experience of every country indicates that beers and wines do not create a serious social problem. The laws, therefore, defining both the conditions of sale and the taxation of alcohol, while conforming to the general principles of reasonable regulation and low taxation, should favor the beverages of lower alcoholic content, making them freer of access and much cheaper than distilled liquors.

3. The limitation and control of advertising is necessary in order that the use of alcoholic beverages may not be stimulated. (See also Section III, paragraph 3.)

II

In the past the chief factors that have contributed to a flourishing illicit liquor trade have been, first, legal restrictions and regulations so strict as to be regarded as unreasonable or unjust by large numbers of people who, therefore, become eager patrons of dealers willing to evade these regulations; second, high prices induced by strict regulation, and third, high taxes and licenses giving the illicit manufacturer and bootlegger a wide margin which enables him to undersell the legal, tax-paid product and still make an ample profit.

The underlying principles involved in attempting to demobilize the bootlegger and keep him dispossessed are, therefore, clearly indicated:

1. The laws defining the conditions of sale must express the desires of living men and women. These laws, as regards liberality or strictness, must so harmonize with customs, habits and widely accepted modes of personal conduct that they will be regarded as just and reasonable and will consequently be supported by a preponderant majority of the people.

2. Public opinion varies from state to state and from locality to locality within a single state. It is therefore essential to recognize the principle of local option as a means of adapting the law to local conditions. Heretofore local option provisions have made it possible for voters in counties and sometimes in cities to keep localities dry within states which, as a whole, were wet. It has been suggested that the principles of local option may also be made to work in the opposite direction, namely, to permit certain localities to legalize methods of sale which are more liberal than those prevailing in other parts of the state.

A middle ground position in regard to regulation by the state, leaving to local communities the decisions regarding greater strictness or greater liberality, would seem a sound principle in devising systems of state liquor regulation.

3. Taxes of whatever kind should be levied primarily as a means of social control rather than for revenue. Taxation, which in other countries, notably Denmark and England, has been used as a powerful factor in decreasing consumption of alcohol, must here and now be applied with caution. The governments, including federal, state and local, must fix the rates of taxation at sufficiently low levels to make it unprofitable for the illicit manufacturer, bootlegger, and smuggler to operate.

4. Retail prices of alcoholic beverages must be kept low, especially during the transitional period. Nothing else will serve to stifle the illicit trade so promptly. Tax policies, restrictive regulations, price policies and controls must all recognize the necessity of low prices.

III

Under prohibition the most talked-of and over-advertised thing in America was liquor. Even before that, liquor usurped the spotlight and often overshadowed every other issue. In many cases incompetent and vicious men were elected to legislative and executive offices merely on the liquor issue, and important social and governmental questions were inadequately considered or improperly decided because the red herring of liquor was drawn across the trail. If the liquor question is to be relegated to its proper proportionate place in politics, in conversation, and in life, it would seem desirable to work along the following lines:

1. Establish liquor controls under *administrative* rules and supervision instead of under *detailed laws* subject to continual legislative change.

2. Discourage continuous local option agitation by prohibiting too frequent local option elections, and by curbing abuses as they arise through administrative supervision.

3. Regulate or prohibit liquor advertising.

4. Adopt a solution of the liquor control problem which by eliminating

private profit largely takes liquor out of politics and politics out of liquor.

IV

The best method of eliminating the private profit motive in the sale of liquor seems to be the establishment in the various states of State Liquor Control Authorities, to operate state-owned agencies similar, in some respects, to the government retail stores in the several provinces of Canada. Under this plan hard liquor in bottles could be bought only at the state-owned retail stores or agencies. The sale of beer and wines, not necessarily limited to the state stores, could be licensed by the Authority. The sale of hard liquor, by the drink, in restaurants, hotels and clubs may or may not be permitted, depending upon the requirements of individual states.

"The State Liquor Authority Plan fulfils the fundamental requirements of a sound liquor control system. It eliminates competitive profits, the incentive to stimulate appetite, and the desire to increase sales; it provides the power and the incentive to drive out the bootlegger; it eliminates the saloon and vastly simplifies the problem of inspection and enforcement; it makes possible the limitation of liquor advertising within narrow bounds and paves the way for temperance education; it solves the twin problems of taxation and pricing; finally, it minimizes the opportunities of political influence and lays the foundation of a workable administrative system. The Authority plan is simple; it provides for all of the natural desires of the drinker; it protects the interests of society; it is thoroughly practical."[1]

V

There are certain basic considerations in relation to the administration of liquor legislation to the end that this administration may be made workable and freed as much as possible from politics.

1. The State Liquor Control Authority should be invested with broad administrative powers in order that it may make rules and regulations in its own discretion, thus removing the details of liquor control as far as possible from frequent legislative debate and political manipulation. (See above, Section III, paragraph 1.)

2. The members of the Authority must be selected for ability, merit and integrity and not because of political favoritism. Provisions regarding salaries should be generous enough to conform with the size and importance of the task and to command the services of men of proper qualifications.

3. The State Authority members must be given long terms and freedom from interference; local option votes must not be too frequent, and the public must insist, first, that the original settlement of the problem is carefully considered; and second, that the plan adopted is given a fair chance.

Respectable and responsible persons will not accept official administrative posts or apply for agencies unless a reasonable degree of continuity is maintained in liquor control policy and administration.

4. The effectiveness of any state plan of control depends in large measure upon federal and state cooperation. This cooperation will involve the development and adoption of a rational and reasonable scheme of taxation, a consistent program of federal import duties, federal cooperation in controlling liquor transportation and advertising, and possibly, in part as a service to the states, the development of a federal wholesale liquor monopoly as a revenue and control measure.

5. Prompt action is essential. The best time to adopt the State Authority

---

[1] *Liquor Control: A Plan for Illinois,* by Marshall E. Dimock, published by Union League Club of Chicago.

Plan with state retail stores is before the retail liquor trade is firmly reestablished under licenses or other devices.

VI

Though legal provisions and administrative rules and regulations are of great importance, the major problem is not legislation but national habits. The future, therefore, rests with education in its broadest sense. With this in mind, schools, state departments of education, the schools of education, colleges, universities, and private organizations interested in the family and in education are urged to undertake anew the development of rational and scientific programs of education both of adults and of the rising generation. What we need is not more laws on temperance education but greater dissemination of honest, unemotional, scientific information in the ordinary course of schooling and through the media of education which meet the adult population.

CONCLUSION

Liquor control is, under any circumstances, a difficult social problem. The only chance for success rests upon a solid foundation of support, cooperation, and vigorous leadership on the part of disinterested and responsible citizens. At the present moment, the greatest danger is the apathy of good citizens and the failure of those who believe in genuine temperance and liquor control to agree upon a specific program. The license system and the saloon, and all of the old abuses of the liquor business, will return unless positive and aggressive action is taken at once. It is with this in mind that we endorse the State Liquor Authority Plan and urge its support.

Hon. Frank O. Lowden, of Illinois, *Chairman*
Frank Bane, Director, American Public Welfare Association
Louis Brownlow, Director, Public Administration Clearing House
A. E. Buck, Institute of Public Administration
Fred G. Clark, Commander-in-Chief of The Crusaders
Senator Thomas C. Desmond of New York
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Professor Marshall E. Dimock, University of Chicago
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Mark Graves, Commissioner of Taxation and Finance, New York State
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Howard P. Jones, Secretary, National Municipal League
Simeon Leland, Commissioner of Taxation, Illinois
Senator Seabury C. Mastick, New York
C. H. Morrissett, State Tax Commissioner, Virginia
Rodney L. Mott, Editor of *State Government*, Chicago
Senator Henry W. Toll, Secretary, American Legislators' Association
Lent D. Upson, Director, Detroit Bureau of Governmental Research
Governor John G. Winant of New Hampshire

January 1, 1934.

Liquor Control from the Standpoint of a Toxicologist

Dilution as a Major Factor in Preventing the Evils of Alcoholism

By Yandell Henderson

(A Summary)

Professor Henderson stated that any real solution of the liquor problem must be based upon fundamental differences in types of alcoholic beverage.

"In order to bring out the significance of these principles, I am going to use the word intoxicating as little as possible. Instead I shall use a closely related word, 'toxic', and toxic means poisonous. I am going to compare the control that is needed over drinks that are, or may be toxic, and those that are not.

* * * *

"The ethyl alcohol of all alcoholic beverages, if imbibed in high concentration exerts powerful toxic effects upon the brain and upon other organs of the body, notably the stomach. But when alcohol is sufficiently diluted, these toxic effects are diminished or abolished. Toxicologically there is a wide difference between the concentrated and the diluted alcoholic beverages.

"Obviously sensible and practical liquor control . . . . should make an equally wide difference between the dilute and the concentrated alcoholic beverages. Sane measures of control should permit or even promote the use of dilute and harmless beverages, but should maintain a strict control over the concentrated, and therefore toxic, alcoholic beverages.

"The first requirement for such control is that so far as possible the various classes of alcoholic beverages shall be kept separate. In other words, light beer with its 4 per cent of alcohol and whiskey with 30 per cent of alcohol should never be dispensed under the same conditions, or over the same bar, or on the same table."

Professor Henderson states that treating all alcoholic beverages as if they were alike and subjecting them all to the same regulations is as inconsistent as if the alkaloids tea and coffee were subject to the same restrictions as those imposed upon the closely related narcotic alkaloids morphine and cocaine.

"This is not an overdrawn analogy. The stronger alcoholic beverages, such distilled spirits as whiskey, gin, rum, and brandy can wreck a man, mind and body, as effectually as either morphine or cocaine. On the other hand, I believe . . . that a glass of light beer is no more intoxicating, that it is no more toxic, than a cup of coffee and rather less so than a cigar.

"In all of the recent reports the idea of separating the different classes of alcoholic beverages is given increasing importance. To my mind it is the feature of supreme importance. There should be no licenses for the general sale of all alcoholic beverages from beer to full strength spirits for consumption on the premises. Such licenses would immediately revive the old saloon and the saloon system.

"So far as possible a place licensed to sell beer should not be licensed to sell spirits or even wine. It would be well if a place licensed to sell wine should not be allowed to sell any alcoholic beverage of less than 8 per cent or more than 18 per cent of alcohol. A store licensed to sell proof spirits should not be allowed to sell any weaker beverage, or to permit drinking on the premises.

"All of these proposals are perfectly simple, scientific, practical and feasible in every feature except one. That feature applies to clubs and hotels, and especially to the large hotels and their restaurants in large cities. But even for such hotels this separation is not impracticable. The grill might be allowed to have a beer license and the restaurant a wine license, providing that drinks are not interchanged between the grill and the restaurant."

Professor Henderson states that whiskey diluted in a highball does not have as much effect upon the drinker as the same amount of whiskey taken straight. In like manner "the effect of one cocktail of 30 per cent upon a man's behavior, self-control and ability to drive an automobile is much greater than is the effect of two cocktails of equal volume containing only 15 per cent of alcohol."

Professor Henderson advocates a scheme by which the sale of mixed drinks, i. e. whiskey already diluted and cocktails already mixed, would be taxed at rates and sold at prices proportionately much lower than the tax rates and prices of the concentrated whiskey, gin and other alcoholic ingredients. This would encourage the purchase of the diluted forms of alcoholic liquors. Hotels, restaurants, clubs, etc. should be required to sell the stronger forms of alcoholic beverages only in a dilution below 20 per cent. "Any man . . . . would not object to pouring the highball out of a pint bottle in which the whiskey had been mixed with carbonated water at the distillery, instead of doing the mixing himself, if it cost only half as much." This arrangement, Professor Henderson believes, would give ample scope for the popular cocktails and highballs.

Full strength or proof spirits or any form of alcohol above 20 per cent should be obtainable only from the Government agencies or the licensed package stores.

"But before a citizen should be allowed to buy proof spirits he should have to get a license, similar to that for driving an automobile, which would certify that he is a law-abiding and fairly temperate person.

"To sum up . . . . the one great principle to be kept in view . . . . is that of substituting the more dilute for the stronger alcoholic beverages. It is the concentration, the high percentage of alcohol in American drinks, that produces the evils of alcohol even more than the absolute amount of alcohol consumed."

From the standpoint of practical politics, Professor Henderson believes "the primary object of all who hope and work for the best attainable conditions should be to prevent the return of the local control of licensing: that is, licensing by cities, towns and counties, through boards of local politicians. Instead . . . . the licensing power . . . . should be exercised by a state board appointed by the Governor."

Professor Henderson points out the fact that "if a sufficient majority of the people is to be won . . . . for the effective control of alcoholic liquors . . . . that majority must include a large number of people who up to this time have been Drys. The campaign of public education must be aimed quite definitely to win this support. They are for the most part earnest, conscientious people, but almost hopelessly ignorant. They quite generally believe—impossible as it sounds—that beer makes more drunkards than whiskey . . . . Such a view is toxicologically as unsound as it would be to class coffee and tobacco with morphine and cocaine. It demands an impossible degree of asceticism. Yet this is the attitude of large numbers of worthy people; and until it is changed those who are striving for sane liquor control are in the unfortunate position of fighting on two fronts. At present we have to fight the old liquor interest and corrupt politics on one front and the Drys of the type I have indicated on the other."

After Prohibition What Form Should Liquor Control Take?

By Albert L. Scott

(A Summary)

If America is to deal successfully with liquor control, Mr. Scott states, certain attitudes or points of view toward liquor held by large numbers of people must be changed. In the first place, recognition should be given to the fundamental differences between beverages in which the alcohol is considerably diluted and distilled liquors with alcohol in greater concentration.

In the second place, the common belief that the use of beer and wine necessarily leads to the drinking of distilled liquor has no scientific proof and may not be true. Much more study is needed on this point.

In the third place, the liquor trade must be recognized as legitimate.

"At present American opinion seems to be setting in the following molds:

(a) People are determined to throttle the bootlegger and stamp out the frightful evils he carries with him.

(b) People are generally convinced—at least those are who remember far enough back—that the saloon must not return.

(c) They feel that some way must be found to keep the liquor interests out of politics.

(d) They are inclined to welcome the return of beer and they think that their attitude in the past toward wine may have been an ignorant one.

(e) They are generally opposed to the free sale of spirituous liquors although they have a friendly feeling for that blend of spirituous liquors known as the cocktail.

"Any system of control which may be devised must take into account these prevailing attitudes if it is to succeed. It must also realize that some of them are in a state of unstable equilibrium—the prevailing opinion against the saloon, for example—and that such gains as are possible in the control of liquor by codifying into law the prevailing opinion toward bootleggers, saloon and hard liquor, must be realized on quickly. Otherwise, the country may drift into a certain acceptance of a poor method of control from which it will be difficult to rouse it.

"Another feature of the case which it is well to remember is that for the past fourteen years alcohol has had more free advertising than anything else in the country. From before the enactment of the Eighteenth Amendment liquor has been the one unfailing topic of pullman washrooms, dinner parties and miscellaneous social gatherings. Only since repeal became evident has this free advertising diminished. What is now done should so nearly meet public approval that the drinking of alcohol should cease to be a topic for general discussion. We should only talk about it as we do the use of tea or fruits or tobacco. Much of the glamor of drinking will disappear if it becomes commonplace. Whether it will become commonplace or not depends largely upon the wisdom with which different control systems are developed in the different states.

"It would be a fatal error if the American tendency toward uniformity should result in the same program for control being adopted for each American state. Our states vary widely in their population, their climate, their ethnic backgrounds, their educational programs, their wealth and their modes of life. But because of a universal language, the radio, a highly developed telephone and telegraph system, the

American is peculiarly susceptible to mass thinking—or lack of it—which leads him to do the thing his neighbor does regardless as to whether it suits him or not. Each state should try out for itself the method which suits it best. In doing this the broad general principles should be followed of not making the legislation too specific, to leave room for experiment and to attain a satisfactory system by trial and error."

Mr. Scott then discussed the three procedures for liquor control—prohibition, license and state monopoly or authority. While admitting that in states where sentiment is preponderantly in favor of prohibition that type of procedure may be most satisfactory, "it must be borne in mind," Mr. Scott continues, "that even a state which can muster a strong majority for prohibition, should allow liquor to be shipped in under not too rigid restrictions. Otherwise, the bootlegger will flourish to satisfy the desires of the minority. The difficulty of enforcing prohibition in a state is no new thing. It has existed as long as there have been prohibitory laws. The difficulty of enforcement is greatly increased if the law does not sympathetically consider the wishes of the minority and provide that those wishes may be satisfied. The greatest single mistake of all mandatory legislation is that it is likely to be too rigid, too unresponsive to the desires—often violent—of the minority.

"Another difficulty with prohibition legislation is that it does not take into account the variations in the alcoholic content of different beverages. All are equally condemned—light beer and vin ordinaire, along with gin and absinthe. The American people have always recognized in their habits a distinction between the different kinds of alcoholic beverages even if the legislators did not. Any future legislation which treats all alcoholic beverages alike will have more difficulty in securing public support than such legislation formerly would have had. The public now, through years of agitation, is better informed and much accurate scientific work has been done to show the effects of different types of alcoholic beverages on the human system."

The license system in spite of its failure in almost every state still has some features which have made it popular in many quarters.

"The license system made an appeal to our love of individualism, it provided local revenue, it placed the control of sales in the hands of the local community, in its later phases it developed the principle of 'local option.' Finally, what was very important for many conscientious people, it seemed to keep the state out of the liquor business. That this latter contention was a fallacy did not deter many people from adhering to it. How can a state be considered out of the liquor business when it licenses the sale of liquors, regulates hours of sale, levies special taxes on both manufacture and sale? In any system, prohibition, license or authority —the state is in the liquor business."

Moreover, the license system has certain inherent weaknesses. It inevitably puts the liquor business into local politics. It involves the private profit motive in retail sales.

"As long as the profit motive prevails, there can be little hope for control or diminution of sales. What is the vendor in business for? To make money—and to make money means sales stimulation in every possible way. The net result of all this was that the saloon—the visible expression of the license system—came into notoriously bad repute. Worse than that, it stank to heaven. The Eighteenth Amendment was not so much directed toward the drinking of alcoholic beverages as it was against the disreputable vehicle America had developed for dispensing them. It is almost unthinkable that the American people will ever allow the old evil institution to develop again. If by carelessness or stupid intent we do let the saloon develop, it is only a question of time when it will again be annihilated. Nothing could be more stupid than for the liquor manufacturers—especially the brewers—even to allow the saloon again to emerge.

"In states where prohibition cannot be enforced and where public sentiment will back up a program for an unstimulated sale of liquor, the best method yet developed for control seems to be for the state to take over the retail sale of beverages of high alcoholic content. There are some real objections to this course. One is that it brings the state directly into the liquor business—a very distasteful solution for many people. Another is that all experiments with state or county sale of liquor in this country have never proved to be satisfactory. These were carried on mostly in the South and Southwest under what is known as the 'dispensary system'."

Mr. Scott then points out very clearly that the Authority Plan cannot be condemned because of the failure of the South Carolina dispensary system. There are fundamental differences between the two ideas.

"Nearly every proviso of the State Authority Plan as recommended in 'Toward Liquor Control' was violated in the South Carolina Dispensary Act. It did not have the support of the best elements in the State, it did not entirely eliminate the element of private profit, it did not provide for a properly constituted State Board with ample compensation, and finally, it never could secure the services of upright men either on the State or Local Boards. It is impossible to compare the Dispensary Law in South Carolina with the Authority Plan which we have suggested. They are quite separate and distinct. The facts of the case do not indicate that the failure of the South Carolina Dispensary Plan is a sufficient reason for not now proceeding to set up a State Control Authority.

"The Dispensary Plan failed in South Carolina because of fatal defects in the plan itself to say nothing of the lack of support of a large and influential group of people in the State. These difficulties must be remedied in any State Authority plan which is to succeed. The general principles to be followed are simple. They are:

(a) The law must not be the result of political rancor of such intensity as to prevent a general acceptance of the act.

(b) The object of the law must be the control of the sale of spirits for the benefit of society and not for tax purposes.

(c) The law must be simple in outline and one which lays down general principles but which gives wide powers to the Authority in matters of administration.

(d) The Authority must be set up for a term of years, appointed by the Governor, and should be free from political influence.

(e) The State Authority Board must be a small compact body of men who receive ample compensation for their work.

(f) They must be men of the highest type known for character and probity.

(g) The law and the Authority must have the support of a substantial majority of good citizens who in the end are the mainstay of any law and the backbone of its enforcement.

"In recommending an Authority Plan for Liquor Control, we are not so naive as to think we have found the final solution to handling the liquor traffic. We are under no such illusions, but we do venture to hope that the Authority method proposed with popular support behind it may, in a large number of states, be found to be for the present at least, the best plan for dealing with this most baffling and perplexing question."

Quebec's Experience

By Walter G. Mitchell, K. C.

(A Summary)

Mr. Mitchell, the "father of Canadian liquor control legislation," outlined the experience of Canada, and more particularly of Quebec, referring to the complete failure of the earlier prohibition law. This law, introduced in Quebec with the expectation that it would last two years, was abandoned after a trial of fourteen months.

"Our whole problem," Mr. Mitchell stated, "was to find some law which would get the backing of public opinion . . . .

"We created the Quebec Liquor Commission—gave it absolute authority to control the liquor question in the province. We took it absolutely out of the hands of the government . . . I informed him (the first commissioner) that there were only two reasons why I should dismiss him—one was if he wasn't a good administrator, and the other was if he allowed any politician, including the Prime Minister and myself, to interfere."

Mr. Mitchell emphasized the importance of giving the Liquor Commission wide powers, and of the complete separation of this Liquor Commission from any of the other governmental or political functions of the state.

Mr. Mitchell made three recommendations, based on Canadian experience:

1. That revenue from the sale of liquor should be used specifically for the reduction of public debts. This goes even further than the Rockefeller report which recommends that this revenue go into the general treasury rather than being allocated for hospitals, schools, etc. Ear-marking these revenues to reduce public debt would still further remove the danger of having them used for political propaganda under the guise of good roads, education, etc., and the danger of pressure on the government by politicians to expand sales, which will destroy any kind of government control ever adopted. (Later in the speech this point was again referred to when Mr. Mitchell spoke of the necessity for eliminating profits to an individual.) "Not only take out the profit to the individual, but be careful that you cage that money where it will do the least harm, and I think the place where it will do the least harm would be by retiring the public debt. When you are reducing the public debt, you are reducing taxes. If you leave it in the public treasury you are going to have it spent and in consequence you will have greater taxes."

2. That sale of strong liquors should be limited to one bottle at a time. This feature was condemned and considered ridiculous by many when first suggested in Quebec. However, "of all the provisions adopted in that Act there is nothing that contributed to temperance as much as that section."

3. That sale of beer and wines be encouraged. "The principle we adopted is to charge (for strong liquor) as much as the trade will stand, sell as little as you can, but encourage the sale of wines and beer . . . . We allowed the sale of beer and wines in hotels with meals during ordinary hours and we gave to the taverns the right to sell beer and beer alone . . . . It has made for temperance, reduced the amount of alcohol that has been sold, and has increased the sale of beer and wines, and I think I can safely say that today the Province of Quebec is sober and better contented and satisfied with this liquor legislation than it has been any time since it was introduced and . . . . much better satisfied than under the old license system where we had free and open sale everywhere."

Some Observations on Liquor Control

By HON. PIERRE S. DU PONT

(A Summary)

Mr. du Pont stated that the most important fact established by prohibition is that it is impossible to change a custom of centuries by mere legal fiat. The corollary of that fact is that law must be made to conform to popular opinion.

However, Mr. du Pont feels that despite the general failure of prohibition "it may ultimately appear that the social developments of the years 1914 to 1934 have resulted in a greatly diminished demand for alcohol or, what is better, a greatly diminished consumption of alcohol by the people of the United States."

At any rate, Mr. du Pont does not believe that the return of the old time saloon is imminent.

"During the years prior to 1914, the saloon was frequently referred to as 'the workingman's club' and in many places may have furnished his chief means of entertainment and relaxation from the cares of life.

"However, . . . powerful rivals to the saloon have arisen," says Mr. du Pont. He then points out that the radio, the talking machine, the player piano, the illustrated daily papers, low-priced magazines, the automobile, and the motion picture offer a variety of diversion not known in the days of the old saloon. Even the home itself, with its multitude of decorations, its furniture and ornaments, its modern comforts, including electric light, can go far in rivalling the attractions of the saloon.

"I have taken some time to call attention to these powerful rivals of the saloon in order to encourage the belief—which is very real to me—that we are facing today a position where we may be very little concerned about the possible return of the 'old time saloon.'

"But the existence of these rivals suggests another possible aid to temperance in the future—namely, a further stimulation of better living conditions as a means of reducing the desire for the mere deadening or distracting effects of alcohol."

Shorter working hours, with less weariness of mind and muscle, may easily reduce the desire for alcohol.

The fundamentals of satisfactory liquor control, Mr. du Pont lists as follows:

"1st. All operations concerning the manufacture, sale, transportation and use of alcoholic liquors must be brought into legal and honorable channels as quickly as possible in order to restore respect for law and respect for a national morale that has suffered much under prohibition.

"2nd. The places and time for sale of alcoholic beverages must conform to popular demand, even though we may deplore the existence of this demand and may be tempted to turn to prohibitory law and forceful methods for its regulation or suppression.

"3rd. The supply of beverages containing alcohol must be made as pure and wholesome as possible, not only by force of law and by inspection but by making known the dangers of impure and injurious drinks and the means of avoiding their use.

"4th. The method of conducting the liquor traffic should tend to diminish rather than to increase the consumption of beverage alcohol.

"5th. The business of manufacture and sale of beverage alcohol should be disturbed in its natural course of competition as little as possible.

"6th. A reasonable public revenue should flow from the liquor traffic. . . .

"Consideration of the fundamental

factors above mentioned have led me to the conclusion that we should strive for a well distributed supply of good liquors conveniently obtainable at reasonable prices which should not be increased by extraordinary rates of tax. The trade should be allowed the profit that will flow to it through natural competition of State supervised manufacture and sale conducted under license by private enterprise.

"This brings up the question of government participation in the liquor traffic. I myself had been disposed to accept such a plan as wise, especially in view of its success in the Provinces of Canada. But, for use in the United States, I have developed the gravest doubt. Inevitably State control would mean eventual political control. It is unfortunate that our political system with its blind adherence to party almost regardless of principle would certainly bring about frequent changes in management, such as utterly to destroy a privately owned business, and, worse still, the management would undoubtedly be appointed with more regard to the award of a salaried position to an individual than to the interests and welfare of the liquor traffic." . . .

"You realize from my remarks that I now favor a system of licensing the manufacture and sale of alcoholic beverages. . . . Such is the fact. While this plan may be called a step backward to the old saloon and its evils, I have no fear of such consequence. Without restoration of a freedom of action comparable to that enjoyed by other business enterprise, I do fear that we shall not succeed in eliminating the system of illegal selling now so well entrenched. This system has been made successful and powerful merely by rendering a public service denied to our people through legal means."

Mr. du Pont then mentions several points brought out by his experience on the Delaware Liquor Commission.

First of these is the point that there is so great a demand for beer and probably for all kinds of alcoholic drink on Sunday that it seems better and more reasonable to legalize Sunday selling than to accept the alternative—illegal selling by the bootlegger and speakeasy.

The same is true of selling after midnight. This question, Mr. du Pont thinks, could well be decided on the basis of recommendations by the retail trade and administrative authorities of each locality, or better still after a local referendum.

Mr. du Pont admits that the question of the bar is puzzling, but concludes that there is little objection to the bar if the service of drinks is from a source sufficiently remote to avoid the relation of host and guests between the barkeeper and his customers. The Delaware law forbidding the sale of beer over a bar or counter to a person either seated or standing has proven needlessly strict, especially as applied to restaurants and quick lunch places.

Advertising should be restricted to the minimum. The tremendous amounts of money spent in advertising demonstrate the value of this medium for increasing sales. It should be definitely limited.

The proper recording of all liquor transactions is very important and over a period of time will prove valuable. The requirement for a personal license in order to obtain quantities greater than 12 quarts of beer and wine or one quart of spirits has already been justified.

Mr. du Pont concludes with a qualified prediction that the total alcohol consumed may not be much more than half as much per capita as it was in 1914 with a far greater proportion of this consumption in the form of beer and other beverages of moderate alcoholic content.

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OUTLINE OF MODEL BILL

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Model Law

The Committee on Liquor Control Legislation of the National Municipal League presents herewith a draft of a Model Law for establishing a State Liquor Control Authority. This draft is not to be considered as the final word in such legislation, nor has it been approved line by line by each member of the Committee. It should be useful, however, as a check list of suggestions and points to be covered, subject to change or adaptation according to the needs of the individual states, in drafting suitable legislation. The Committee is especially indebted to Dr. Elizabeth Laine for extensive assistance in the preparation of this draft.

A BILL ENTITLED

An Act to provide a system of state control of the manufacture, purchase, sale, importation, exportation, transportation, and use of alcohol and alcoholic liquors; to create a State Alcohol Control Authority and to provide for the sale of alcohol and alcoholic liquors by such Authority; to make an appropriation therefor; to provide penalties for the violation of the provisions of this Act; and to provide for local option.

Be it enacted by the Legislature of the State of ————:

PART I. SHORT TITLE AND PRELIMINARY PROVISIONS

Section 1. **Short Title.** This Act shall be known and may be cited as the State Alcohol Control Act.

Section 2. **Enacting Clause.** On and after the effective date of this Act, it shall be lawful to manufacture, sell, keep for sale, possess, and/or transport for beverage purposes, malt, vinous, and/or spirituous liquors, and alcohol and/or alcoholic liquor used for medicinal, mechanical, chemical or scientific purposes, subject to the terms, conditions, limitations and restrictions contained in this Act.

Section 3. **Definitions.** The following words and terms as used in this Act shall be construed as defined in this section:

(a) The word "Authority" means the State Alcohol Control Authority herein provided for;

(b) The word "Board" means the Board of Trustees of the State Alcohol Control Authority herein provided for;

(c) The word "Trustee" means a member of the Board of Trustees of the State Alcohol Control Authority herein provided for;

(d) The words "General Manager" mean the Managing Director of the State Alcohol Control Authority herein provided for;

(e) The word "alcohol" means the product of distillation of any fermented liquid, rectified either once or oftener, whatever may be the origin thereof, and includes ethyl alcohol and alcohol which is considered nonpotable;

(f) The term "alcoholic liquor" means any liquor having an alcoholic content in excess of one-half of one per centum by volume. The term includes beer, wine, fortified wine, and spirits as defined in this Act;

(g) The word "beer" means any beverage obtained by the alcoholic fermentation of an infusion or decoction of barley, malt and hops and/or other cereals in drinking water, and shall be construed to include such malt liquors as beer, porter, ale, and stout;

(h) The word "wine" shall be construed to include the words "fruit juices" and shall mean any alcoholic beverage obtained by the fermentation of the natural sugar contained in fruits or other agricultural products with or without the addition of sugar but which has not been fortified by the addition of alcohol or spirits;

(i) "Fortified wine" means any vinous liquor produced through the natural fermentation of fruit juices with or without the addition of sugar to which has been added alcohol or spirits;

(j) The word "spirits" means any alcoholic liquor produced or manufactured by a process of distillation, rectifying, or compounding, and includes such spirituous liquors as brandy, rum, whiskey and gin;

(k) The word "maunfacture" means to distill, brew, make, rectify, blend, mix, compound, process or ferment any substances that will produce alcoholic liquor as defined under this Act;

(l) The word "brewer" means any person, firm, association, partnership or corporation duly licensed to manufacture and sell beer;

(m) The word "vintner" means any person, firm, association, partnership or corporation duly licensed to manufacture and sell wine;

(n) The word "distiller" means any person, firm, association, partnership or corporation duly licensed to manufacture and sell spirits and/or alcohol of any kind;

(o) The words "State Liquor Store" mean a store established by the State Alcohol Control Authority under this Act for the sale of alcoholic liquor, other than beer of an alcoholic content not in excess of four per centum by volume, in the original package for consumption off the premises where sold;

(p) The word "vendor" means a person in charge of a State Liquor Store or State Retail Agency herein provided for;

(q) The words "to sell at retail" mean to sell for consumption and not for resale;

(r) The word "hotel" means a building which in the judgment of the Authority has been regularly used and kept open as such in a bona fide manner for the feeding and lodging of guests, where all who conduct themselves properly and who are able and ready to pay for such services are received if there be accommodations for them, and where the major portion of the receipts of the business is derived from the renting of rooms and the sale of food. The term "hotel" shall also include an apartment hotel wherein apartments are rented for fixed periods of time either furnished or unfurnished, where the keeper of such hotel regularly supplies food to the occupants thereof in a restaurant located in such hotel;

(s) The word "restaurant" means a place located in a permanent building or on a passenger train or passenger vessel, provided with special space and accommodations, where, in consideration of the payment of money, food is habitually sold and served to persons as the principal business of the place; provided, however, that this section shall not be construed to include drug, candy, and/or confectionery stores;

(t) The words "beer tavern" mean any place licensed to sell beer, of an alcoholic content not in excess of four per centum by volume, on draught or by the bottle, for consumption on the premises only;

(u) The words "liquor tavern" mean any place to which an agency agreement has been granted under the provisions of this Act for the sale of alcoholic liquors for consumption on the premises of such liquor tavern;

(v) The word "club" means an association of persons over the age of eighteen years, organized as a non-profit corporation, which has a listed membership with regular joining fees, and/or dues, by-laws, officers, directors, and designated premises approved by the Authority;

(w) The word "license" or "permit" means a grant from the Authority to a licensee or permittee giving permission to said licensee or permittee to manufacture and sell, or sell at retail, alcoholic liquors as provided by this Act.

(x) The words "agency agreement" mean an agreement between the Authority and a person, firm, or corporation engaged in good faith in the business of grocer, hotel or restaurant proprietor, or a club, whereby such person, firm, corporation or club agrees to sell, on behalf of the Authority, in accordance with the provisions of this Act, and upon such commission or other basis of compensation as shall be approved by the Authority in each instance, alcoholic liquors to be consumed or not to be consumed on the premises where sold.

PART II. THE STATE ALCOHOL CONTROL AUTHORITY

Section 4. **Creation of Authority.** An agency to be known and designated as the State Alcohol Control Authority is hereby created. Such Authority shall have the exclusive right to control within the state the traffic in alcohol and alcoholic liquor as provided by this Act.

Section 5. **Board of Trustees.** The Authority shall be under the general supervision of a Board of Trustees, consisting of three members appointed by the governor, one of whom shall be designated by the governor to be the Chairman of said Board. The appointment of said Trustees shall be for overlapping terms of nine years each, the terms of office of those initially appointed being for three, six, and nine years, respectively, the terms of the individual members being designated by the governor at the time of their appointment. Each Trustee at the time of his appointment and qualification shall be a resident of the State of ———— and shall have resided in said State for a period of at least five years next preceding his appointment and qualification, and he shall also be a qualified voter therein and not less than twenty-five years of age. Each Trustee shall be eligible for reappointment. Vacancies on said Board shall be filled by the governor for the unexpired term.

Section 6. **Quorum.** Any two members of the Board shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the Authority.

Section 7. **Salaries of Trustees.** The salary of each member of the Board shall be ——— thousand dollars per annum, except that of the Chairman, whose salary shall be ——— thousand dollars per annum. Each Trustee shall receive in addition to the salary hereinabove designated his actual travelling expenses incurred in the discharge of his duties as a member of the Board.

Section 8. **Removal from Office.** The governor may remove from office any member of the Board for malfeasance, misfeasance, or neglect in office, giving to him a copy of the charges against him and an opportunity of being publicly heard in person or by counsel, in his own defense, upon not less than ten days' notice. If such Trustee shall be removed, the governor shall file in the office of the secretary of state a complete statement of all charges made against such Trustee, and his findings thereon, together with a complete record of the proceedings.

Section 9. **Division of Authority between Board and General Manager.** The Board shall exercise all policy-determining powers of the Authority, including the promulgation of all regulations required to supplement the provisions of this Act, but it shall delegate to the General Manager, hereinafter created, all executive and administrative powers and duties of the Authority.

Section 10. **General Manager.** The Board shall appoint as the chief executive officer of the Authority, a General Manager, who shall serve at the pleasure of the Board. The General Manager shall receive an annual salary of ——— thousand dollars. He shall have charge of and supervise all of the executive, administrative, and managerial functions of the Authority, shall preserve all books, maps, documents, and papers belonging to the Authority or entrusted to its care, and perform such duties as are enumerated in subsequent sections of this Act, or such functions as may be assigned to him by the Board.

Section 11. **Employees.** The General Manager shall select and appoint all subordinate officers and employees of the Authority subject to the approval of the Board. He shall fix the salaries of such officers and employees subject to the approval of the Board, assign titles to their official positions, and define their respective duties. He shall have power to dismiss any subordinate officer or employee of the Authority whose service is unsatisfactory to him. He may engage the services of consultants and professional persons, whenever required, subject to the approval of the Board.

Section 12. **Organization of Work.** The General Manager shall organize and may reorganize the work of the Authority in such manner as he may consider most advantageous and economical from the standpoint of efficient management. The General Manager shall at all times cooperate with the regular departments and agencies of the State, making use of their facilities and services as far as possible so as to prevent needless staff duplication and excessive cost of operation.

Section 13. **Members of Authority not to be Interested in Liquor Businesses.** No officer or employee of the Authority may, individually or as a member of a partnership or as a shareholder or party otherwise interested in a corporation or other enterprise or association, have any interest, either direct or indirect, in manufacturing or trafficking in alcohol or alcoholic liquors, or receive any commission or profit from or have any interest in the purchases or sales made by the Authority or by the persons authorized by virtue of this Act to manufacture, purchase or sell alcohol or alcoholic liquors; provided no provision of this Act shall prevent any member or employee of the Authority from purchasing and keeping in his possession, for the personal use of himself or members of his family, any alcoholic liquor which may be purchased or kept by any person by virtue of this Act.

Section 14. **Powers, Functions, and Duties.** The Authority shall have and exercise the following powers:

1. To buy, have in its possession, and sell, or in its discretion serve, in its own name, alcoholic liquor in the manner set forth in this Act;
2. To buy, sell, mortgage, lease, or occupy any building or land required for its operations;
3. To borrow sums of money, guarantee the payment of principal and interest thereon; to issue, sign, endorse, and accept checks, promissory notes, bills of exchange, and other negotiable instruments;
4. To control the manufacture, possession, sale, purchase, transportation, exportation, importation, delivery, and use of alcohol and alcoholic liquor in accordance with the provisions of this Act;
5. To operate stores, to be known as State Liquor Stores, for the retail sale of alcohol and alcoholic liquors for off-premises consumption, and to determine the locations of such stores subject to the provisions of Part VII of this Act;
6. To grant, refuse, suspend or revoke licenses, permits, and agency agreements for the manufacture, purchase, and/or sale of alcoholic liquor, to determine the number of such licenses, permits, and agency agreements granted and to allow in its discretion the transfer of the license or permit or agency agreement of any person;
7. To determine the nature, form, and capacity of all packages to be used for containing alcohol or alcoholic liquor kept or sold under this Act;
8. To fix standards, define terms, regulate labels and seals for all alcohol or alcoholic liquor manufactured, transported, or sold within the State;
9. To fix the price of all alcohol and alcoholic liquors sold and to change such prices;
10. To require all licensees, permittees and agents within the State to certify on suitable forms the kinds and quantities of alcohol or alcoholic liquors manufactured within the State, or transported into the State, or transported, stored or held within the State, or transported from the State, regardless of the purposes for which such alcohol or alcoholic liquors may be used;
11. To promulgate rules and regulations governing the carrying out of this Act and supplemental thereto.
12. To have power to investigate and aid in the prosecution of violations of this Act, or of the regulations established hereunder, make seizures of alcohol or alcoholic liquor manufactured, sold, kept, imported, or transported in contravention hereof, whenever required by this Act, and cooperate in the prosecution of offenders before any court of competent jurisdiction;
13. To have power in its discretion to provide that every bottle or container of alcohol or alcoholic liquor shall on delivery or manufacture within the State and before subsequent sale be subject to inspection, stamping, labeling, and/or sealing by the Authority, subject to such rules and regulations as the Authority may establish;
14. To have all other powers necessary to the administration and enforcement of this Act.

Section 15. **Rules and Regulations to Have Force of Law.** All rules and regulations shall have the same force and effect as though incorporated and made a part of this Act. The rules and regulations adopted by the Authority and every repeal or amendment thereof shall state the date on which they shall take effect and certified copies thereof shall be filed in the office of the secretary of state. Copies of the rules and regulations and of any modifications thereof shall be published and distributed in such manner as the Authority may from time to time determine. Certified copies of the rules and regulations, as amended, shall be received in evidence in all courts or other judicial actions or proceedings in the State.

Section 16. **Immunity of Member of Authority.** No member of the Authority may be sued for doing or omitting to do any act in the performance of his duties as prescribed by this Act.

Section 17. **Power of Subpoena, etc.** Each member of the Authority shall for the purposes contemplated by this Act have power to issue subpoenas, compel the attendance of witnesses and the production of books, records, and documents, administer oaths, certify to official acts, take depositions within or without this State as now provided by law, and the Authority shall also have power to render decisions reviewable only by courts of competent jurisdiction.

Section 18. **Appeals.** Any person or persons, jointly or severally aggrieved by any decision of the Authority or its employees or agents may make petition in writing for a hearing by the Authority. If after such hearing said aggrieved person or persons are not satisfied with the decision of the Authority or if the Authority fails to act within thirty days after the filing of such petition, said person or persons may present to a court of record a petition, duly verified, for certiorari proceedings, setting forth the grounds of complaint against the decision of the Authority. Such petition must be presented to the court within thirty days after the filing of the decision in the office of the Authority.

Upon the presentation of such petition, the court may allow a writ of certiorari directed to the Authority to review such decision of the Authority and shall prescribe therein the time within which a return thereto must be made and served upon the relator's attorney, which shall not be less than ten days and may be extended by the court. The allowance of the writ shall not stay proceedings upon the decision appealed from, but the court may, on application, on notice of the Authority and on due cause shown, grant a restraining order.

The Authority shall not be required to return the original papers acted upon by it, but it shall be sufficient to return certified or sworn copies thereof or such portions thereof as may be called for by such writ. The return must concisely set forth such other facts as may be pertinent and material to show the grounds of the decision appealed from and must be verified.

If upon the hearing, it shall appear to the court that testimony is necessary for the proper disposition of the matter, it may take evidence or appoint a referee to take such evidence as it may direct and report the same to the court with his findings of fact and conclusions of law, which shall constitute a part of the proceedings upon which the determination of the court shall be made. The court may reverse or affirm, wholly or partly, or may modify the decision of the Authority brought up for review.

Costs shall not be allowed against the Authority unless it shall appear to the court that it acted with gross negligence or in bad faith, or with malice in making the decision appealed from.

PART III. FINANCIAL PROVISIONS RELATIVE TO THE AUTHORITY

Section 19. **Working Capital—How Provided.** To finance the purchase, storage, and sale of alcohol and alcoholic liquors, the Authority shall have and maintain a working capital fund of ——— thousand dollars, or so much thereof as may be deemed necessary by the Board to carry on its business. This fund shall be provided by the state treasurer out of the general fund of the State, or out of any fund or funds in his hands which may be lawfully used for this purpose, or out of the proceeds from the sale of bonds by the State for this purpose. Such advances as the state treasurer may make to the working capital fund of the Authority shall be reimbursed out of the profits of the Authority. Or:

Alternative Section 19. **Borrowing Power.** The Authority shall have power to borrow money for the purposes of this Act upon bonds or other securities or obligations issued or incurred by the Authority upon such terms and conditions as it may deem proper. The profits of the Authority, in whole or in part, from the sale of alcohol and alcoholic liquors shall be pledged as security for the repayment of the bonds or other securities issued and for the reimbursement of any moneys advanced by the State, together with interest. The bonds or other securities or obligations issued or incurred by the Authority pursuant to this Section shall at all times be exempt from all taxation.

Section 20. **Fiscal Year and Allocation of Funds.** The fiscal year of the Authority shall be the same as that of the State. At the close of each quarter of the fiscal year, the profits of the Authority on the sale of alcohol and alcoholic liquors shall be computed by the General Manager, and the Board, after providing for the payment of interest upon and amounts necessary for the amortization and retirement of and fulfilment of the terms of all bonds and other securities or obligations of the Authority, and for any addition to working capital or reserves deemed necessary by the Board, shall turn over the remaining profits to the state treasurer. The state treasurer, after reimbursing any advances made to the working capital fund of the Authority, shall credit these profits to the general fund of the State.

Section 21. **Disposition of Fees.** The General Manager shall account separately for all fees collected from licenses, permits, and agency agreements by the Authority, and he shall turn over these fees to the state treasurer in full at the end of each month, or at such other time as may be determined by the Authority.

Section 22. **Payments by the Authority.** All salaries, expenses, and other liabilities incurred by the Authority in connection with the administration of this Act shall be paid by the General Manager, or his designated agent, from the working capital fund or from moneys derived from the sale of alcohol and alcoholic liquors by the Authority.

Section 23. **Budget.** The General Manager shall prepare an annual budget, covering all the financial operations of the Authority, which he shall submit to the Board for its approval prior to the beginning of each fiscal year. A copy of such budget, as approved by the Board, shall be furnished to the governor, to the state auditor, and to the legislature.

Section 24. **Financial Procedure.** The General Manager shall devise and maintain a financial procedure, with suitable accounts, purchase and sales records, and inventories, to show at all times the complete and detailed transactions of the business conducted by the Authority and to furnish the information and reports required by this Act. In devising such procedure, the General Manager shall give due consideration to the requirements of the state auditor in all matters of general financing, reporting, and auditing.

Section 25. **Quarterly Financial Report.** The General Manager shall furnish quarterly to the governor and the state auditor a report containing a statement of the assets and liabilities of the Authority, a statement of profit and loss, and such other data and information as may be necessary to indicate the results of the Authority's financial operations.

Section 26. **Funds to be Kept in State Depositories.** The General Manager shall keep the working capital fund of the Authority and such moneys as may be collected from the sale of alcohol and alcoholic liquors and from licenses and permits in those banks designated by the state treasurer as state depositories. No member of the Authority shall be personally liable for any loss caused by the default or failure of such depositories. All funds of the Authority deposited in any bank or trust company shall be entitled to the same priority of payment as public funds of the State.

Section 27. **Authority Receipts Owned by State.** All properties, whether real or personal, all moneys acquired, administered, possessed or received by the Authority, and all profits earned in the operation of this Act, shall be the property of the State.

Section 28. **Audits.** The state auditor and/or such private auditors as the governor may designate shall audit the accounts of the Authority annually and report thereon to the governor and to the legislature. The books, records, and accounts of the Authority shall, however, be subject to examination and audit by the state auditor at any time.

Section 29. **Annual Report.** At the close of each fiscal year the General Manager and the Board shall make an annual report on the work of the Authority to the governor and to the legislature. This report shall contain a statement of the nature and amount of business conducted by the Authority, a statement of its financial transactions, including profits and losses, a record of licenses, permits, and agency agreements issued, suspended, and cancelled, consumption of the various classes of alcoholic liquors, and general information and suggestions on the working of this Act.

PART IV. STATE LIQUOR STORES

Section 30. **Establishment of State Liquor Stores.** The Authority shall establish and maintain, for the sale of the several alcoholic liquors as herein defined, other than beer of an alcoholic content not in excess of four per centum by volume, at such places throughout the State as in its discretion it shall deem essential and/or advisable, a system of state-owned and operated stores to be known as State Liquor Stores, subject to the provision of Part VII of this Act.

Section 31. **Stocks of State Liquor Stores.** Every State Liquor Store shall keep in stock for sale such classes, varieties, and brands of liquor as the Authority shall prescribe. If any person shall desire to purchase any class, variety or brand of alcoholic liquor which any such store does not have in stock, it shall be the duty of such store to order the same upon the payment of a reasonable deposit by the purchaser in such proportion of the approximate cost of the order as shall be prescribed by the regulations of the Authority. The customer shall be notified upon the arrival of the goods. Unless the customer pays for and accepts delivery of any such special order within ——— days after notice of arrival, the store may place it in stock for general sale and the customer's deposit shall be forfeited.

Section 32. **Sales only by Packages.** All alcohol and alcoholic liquor sold in State Liquor Stores shall be in sealed packages, containing such quantity as the Authority may prescribe, and shall have the price fixed by the Authority clearly stamped thereon. No such package may be opened on the premises of a State Liquor Store.

Section 33. **Prices.** The Authority shall from time to time fix the prices at which the various kinds and brands of alcoholic liquors shall be sold through the State Liquor Store. Such price lists shall be posted in each store as provided by the regulations of the Authority.

Section 34. **Limitation of Purchases.** The Authority is authorized to limit the amount of liquor which may be purchased from a State Liquor Store by any person at one time and a record of all such purchases shall be kept by the vendors.

Section 35. **Receipts.** Every purchaser of alcohol or alcoholic liquor from a State Liquor Store shall receive a numbered receipt which shall show the brand of liquor, the price paid therefor, and such other information as the Authority may prescribe. Duplicate copies of all receipts issued by a State Liquor Store shall be retained by and shall form part of the records of such store.

Section 36. **Salaries of Vendors not to be Based on Profits.** The salaries of State Liquor Store employees shall not be based upon the number of sales nor upon the profits from sales of alcohol or alcoholic liquor, but each employee shall receive a fixed annual salary.

Section 37. **Responsibility of Vendors.** All vendors appointed under this Act shall, under the directions of the Authority, be responsible for the carrying out of the provisions of this Act, and the regulations made thereunder, so far as they relate to the conduct of such store and the sale of alcohol and alcoholic liquor thereat.

Section 38. **Liquor not to be Consumed on Premises.** No vendor or other employee of a State Liquor Store shall allow any liquor to be consumed on the premises of such a store, nor shall any person consume any liquor on such premises.

Section 39. **Sales—When Prohibited.** No sale or delivery of alcohol or alcoholic liquor shall be made on or from the premises of any State Liquor Store, nor shall any State Liquor Store be open for the sale of alcohol or alcoholic liquor—

(a) On Sunday or any other holiday;

(b) On any day on which polling takes place at any national or state election held in the electoral district in which the store is situated;

(c) On any day on which polling takes place at any municipal election held in the municipality in which the store is situated;

(d) During such other period and on such other days as the Authority may direct.

Section 40. **Hours of Sale in State Stores.** The Authority shall designate the hours during which the State Liquor Stores may be open for the sale of alcohol and alcoholic liquor and during which sale or delivery of alcohol or alcoholic liquor may be made on or from the premises of any State Liquor Store.

Section 41. **Sales upon Prescriptions.** A vendor may sell alcoholic liquor to any person upon the prescription of a physician given pursuant to this Act, but no more than one sale and one delivery shall be made on any one prescription.

PART V. LICENSES AND AGENCY AGREEMENTS, AND THE MANUFACTURE AND SALE OF ALCOHOL AND ALCOHOLIC LIQUOR BY LICENSEES AND AGENCIES

Section 42. **Classes of Licenses and Permits.** The Authority, in its discretion, may, upon application in the prescribed form made to it or to any official authorized by it, issue to the applicant a license or permit of the class applied for, as follows:

(a) Distiller's License
(b) Brewer's License

(c) Vintner's License
(d) Beer Tavern License
(e) Refreshment Establishment Beer License
(f) Retail Store Beer License
(g) Medicinal Alcohol Permit
(h) Industrial Alcohol License
(i) Special Licenses or Permits as may be determined by the Authority

Section 43. **Classes of Agency Agreements.** In addition to the State Liquor Stores and the licenses and permits hereinabove provided for, the Authority, in its discretion and subject to the provisions of Part VII of this Act, may make further provision for the sale of alcoholic liquors to consumers by appointing as its agents persons, firms or corportations engaged in the business of grocer, tavern, hotel or restaurant proprietor, or clubs as defined in this Act. There shall be drawn up agreements, to be known as agency agreements, between such agents and the Authority of the following classes:

(a) Retail Store Agency Agreement
(b) Liquor Tavern Agency Agreement
(c) Hotel Agency Agreement
(d) Restaurant Agency Agreement
(e) Club Agency Agreement

Section 44. **License or Agreement to Specify Person and Premises.** Every license, permit or agency agreement under this Act shall apply to the person to whom it is issued and to the premises for which it is issued and specify by street and number the location of the premises in respect to which the license, permit or agency agreement is issued. If the license, permit or agency agreement is issued under a fictitious name, such license, permit or agency agreement shall set forth in addition to said name, the name or names of each of the persons conducting the business under the fictitious name.

Section 45. **Rules Relating to Licenses and Agreements.** Each license, permit or agency agreement shall be signed by the licensee, permittee or agent, shall be transferable only with the approval of the Authority at its discretion, shall be posted in a conspicuous place on the premises in respect to which it was issued, and shall be exhibited to any duly authorized representative of the Authority whenever the same is requested.

Section 46. **Separate License or Agreement for each Business.** Each license, permit or agency agreement issued under the provisions of this Act is separate and distinct, and no person shall exercise any of the privileges granted under any license, permit or agency agreement other than that which he holds. A separate license, permit or agency agreement shall be issued for each specific business and each location, and in said license, permit or agency agreement the particular liquor or liquors which the applicant shall be authorized to manufacture and/or to sell shall be named and described. The Authority shall determine what constitutes a single store, business, or establishment with respect to the issuance of the license, permit or agency agreement herein provided for, and its decision shall be final and conclusive.

Section 47. **Fees.** All recipients of licenses, permits, and/or agency agreements shall pay to the Authority therefor

(a) a minimum fee to be fixed by classes by the Authority from time to time which shall not exceed $100 annually payable in advance, and

(b) a quarterly payment equal to fifty per centum of the net income, or twenty per centum of the gross receipts from the business transacted under the license, permit, and/or agency agreement, whichever is the larger sum as determined under rules and regulations to be promulgated by the Authority. Said quarterly payment shall be paid in advance at a figure estimated by the Authority and/or secured by bond in accordance with rules and regulations of the Authority, subject to a refund within sixty days of the amount paid in advance in excess of the amount found to be due at the close of the quarter period; provided the Authority may establish classes of permits for which only a fixed fee, irrespective of gross receipts or net income, shall be chargeable.

Section 48. **Manufacturers' Licenses.** Manufacturers shall be licensed only

(a) to produce, manufacture, distill, rectify, and compound alcohol and alcoholic liquors;

(b) to sell alcohol and alcoholic liquors within the State exclusively to the Authority, except that beer of an alcoholic content not in excess of four per centum by volume may be sold by a manufacturer directly to any individual or establishment holding a license, permit or agency agreement authorizing the purchase thereof;

(c) to sell alcohol and alcoholic liquors to dealers and distributors in other states and territories, the laws of which permit the sale of alcoholic liquors for beverage or other purposes;

(d) to sell for export to foreign countries if such export for beverage purposes is permitted by the laws of the United States.

Section 49. **Beer Taverns, Drug Stores, etc.—Beer Licenses.** Beer taverns, and drug, candy, and refreshment stores shall be licensed only

(a) to purchase beer of an alcoholic content not in excess of four per centum by volume from manufacturers of this State and from manufacturers, producers, and importers of other states and territories, the laws of which permit the manufacture and sale of such alcoholic liquors for beverage purposes, and from the Authority such beverages imported by it from foreign countries; and

(b) to resell such beer to customers for consumption upon the premises; provided, however, that nothing in this section shall be construed to prohibit the sale of alcoholic liquors by drug stores for medicinal purposes as hereinunder provided.

Section 50. **Retail Store Beer Licenses.** Retail stores shall be licensed only

(a) to purchase beer of an alcoholic content not in excess of four per centum by volume in sealed packages from manufacturers of this State and from manfacturers and producers and importers of other states and territories, the laws of which permit the manufacture and sale of such alcoholic beverages, and from the Authority such beverages imported by it from foreign countries; and

(b) to resell such beer in sealed packages to customers for off-premises consumption.

Section 51. **Medicinal Alcohol Permit.** A Medicinal Alcohol Permit in prescribed form may be granted to a druggist, physician, surgeon, dentist or veterinarian entitling the applicant to purchase alcohol and alcoholic liquor to be used solely as medicine or in connection with the business of compounding medicines; provided that in a locality where there is no State Liquor Store nor agency a druggist may keep for sale and may sell for strictly medicinal purposes alcohol and alcoholic liquor purchased by him from the Authority, but no sale of alcohol or alcoholic liquor shall be made by such last mentioned druggist except upon a bona fide prescription signed by a physician and no more than one sale and one delivery shall be made on any one prescription.

Section 52. **Industrial Alcohol License.** An Industrial Alcohol License in the prescribed form may be granted to a person engaged within the State in mechanical or manufacturing business, or in scientific pursuits, requiring alcohol or alcoholic liquor for use therein, entitling the applicant to purchase alcohol or alcoholic liquor for the purpose named in such permit, and in accordance with the terms and provisions of such permit, and in accordance with the provisions of this Act, and the regulations made thereunder.

Section 53. **Special Licenses and Permits.** The Authority shall have power to issue special licenses and/or permits for any purpose, for any period of time, and under such rules and regulations as it in its discretion may prescribe.

Section 54. **Retail Store Agency Agreements.** The agency agreement issued to a retail grocery store shall authorize the agent only

(a) to purchase alcoholic liquors from the Authority, and

(b) to sell such alcoholic liquors to consumers in sealed packages for consumption off the premises where sold.

Section 55. **Liquor Tavern Agency Agreement.** The agency agreement issued to a liquor tavern shall authorize the agent only

(a) to purchase alcoholic liquors from the Authority, and

(b) to sell such alcoholic liquors to consumers for consumption on the premises where sold.

Section 56. **Hotel and Restaurant Agency Agreements.** The agency agreement issued to a hotel or restaurant shall authorize the agent only

(a) to purchase beer and wine of natural fermentation of an alcoholic content not in excess of fourteen per centum by volume from the Authority, and

(b) to sell such beer and wine to customers for consumption upon the premises, but only in the room or rooms where meals are served, except that hotels may serve beers and wines to duly registered guests in their rooms.

Section 57. **Sale of Spirits by Hotels and Restaurants.** In localities where the electors through special petition as provided in Part VII of this Act have voted to allow the sale of all alcoholic liquors for consumption on the premises where sold, hotels and restaurants may, in addition to the privileges provided in Section 56,

(a) purchase spirits and fortified wines from the Authority, and

(b) sell such spirits and fortified wines to customers for consumption upon the premises, but only in the room or rooms where meals are served except that hotels may serve spirits and fortified wines to duly registered guests in their rooms.

Section 58. **Club Agency Agreements.** The agency agreement of a club shall authorize the agent only

(a) to purchase alcoholic liquors from the Authority, and

(b) to sell such alcoholic liquors to the members of such club for consumption on and off the premises where sold.

Section 59. **Applications for Licenses and Agreements — Qualifications.** Applications for licenses, permits, and agency agreements under the provisions of this Act shall be made to the Authority on forms prepared and furnished by the Authority and shall set forth such information as the Authority may require to enable it to determine whether a license, permit or agency agreement should be granted. Each application shall be verified by the oath or affirmation of such person or persons as the Authority may prescribe. Before granting any license, permit or agency agreement for which application has been made, one or more member or agent of the Authority may visit and inspect the plant or property in which the applicant proposes to conduct his business, and investigate the fitness to conduct such business of any person or the officers and directors of any corporation applying for a license, permit or agency agreement to conduct such business. In granting licenses, permits, and agency agreements, the Authority shall consider the reasonable requirements of the neighborhood and the desires of the inhabitants as evidenced by petitions, remonstrances or otherwise.

Section 60. **Refusal of License or Agreement.** The Authority may refuse a license, permit or agency agreement, if in its opinion the premises on which the applicant proposes to conduct his business do not meet the requirements of this Act, or if in its opinion the character of the applicant or its officers or directors is such that violations of this Act would be likely to result if a license, permit or agency agreement were granted, or if in its opinion licenses, permits, and agency agreements already granted for the particular locality are adequate for the reasonable needs of the community. Upon written demand by an applicant who has been refused a license, permit or agency agreement, the Authority shall state in writing its reasons for such refusal.

Section 61. **Term and Renewal of Licenses and Agreements.** All licenses, permits, and agency agreements shall be granted for such term as the Authority may determine, but in no event for a period in excess of three years. Applications for the renewal of licenses, permits, or agency agreements shall be made on or before the first day of December of the year of expiration of such licenses, permits or agency agreements. Once a license, permit or agency agreement has been granted the Authority may refuse to renew the same only for violations of this Act or regulations thereunder, or because of a decision by the Authority to reduce the total number of licenses, permits or agency agreements, granted for the particular community.

Section 62. **Suspension and Revocation of Licenses and Agreements.** In addition to any other penalties prescribed by this Act, the Authority shall have power on its own motion, or on complaint, after investigation and hearing at which the licensee, permittee or agent shall be afforded an opportunity to be heard, to suspend and/or revoke any license, permit or agency agreement granted by it, for any violation of the provisions of this Act, or of any rule or regulation adopted by the Authority, or of any of the terms, conditions or provisions of the license, permit or agency agreement by the licensee, permittee or agent, or any of the agents, servants or employees of such licensee, permittee, or agent, or for violation of any other provision of law or local ordinance or regulation.

Notice of suspension or revocation, as well as any required notice of hearing, shall be given by mailing the same in writing to the licensee, permittee or agent, at the address contained in the license, permit or agency agreement. A license, permit or agency agreement, may be temporarily suspended without notice, pending any prosecution, investigation or hearing; provided, that nothing herein contained shall prevent the summary suspension of a license, permit or agency agreement for a period not exceeding fifteen days. No suspension shall be for a longer period than six months. The Authority shall have power to reinstate, in its discretion, any license, permit or agency agreement which shall have been suspended or revoked. Whenever a license, permit or agency agreement is suspended or revoked, no part of the fees paid therefor shall be returned to the holder.

Section 63. **Qualifications of Licensees and Agents.** No person who has been convicted of a violation of any federal or state law concerning the manufacture or sale of alcohol or alcoholic liquor prior or subsequent to the passage of this Act or who has paid a fine or penalty for any such violation in settlement of any prosecution against him, or shall have forfeited his bond to appear in court to answer charges for any such violation, shall be deemed a suitable person to be granted a license, permit or agency agreement within the meaning of this Section. No license for the manufacture, or license, permit or agency agreement for the sale of alcohol or alcoholic liquor shall be granted to any person who has been convicted of a felony or who is not a citizen of the United States, provided, however, that any alien who has applied for and received his first naturalization papers and who satisfies the Authority of his bona fide intention to apply for and take out his final papers, may in the discretion of the Authority be granted a license, permit or agency agreement which shall not continue or be renewed beyond the date when such final papers are obtainable by the applicant unless he applies for and takes out the same. No license, permit or agency agreement shall be granted to any sheriff, deputy sheriff, grand juror, justice of the peace, prosecuting officer, or to any person keeping a house of ill fame or to any applicant unless he is with respect to his character, record, and reputation satisfactory to the Authority.

Section 64. **Transportation.** The right to transport into or within the State alcohol or alcoholic liquor shall be set forth in the various types of licenses, permits, and agency agreements granted by the Authority and the Authority may issue rules and regulations to govern such transportation. The Authority may also issue special permits and licenses for vehicles and may charge a fee not in excess of one dollar for such permits and licenses, provided, however, that nothing herein contained shall be construed to prevent any person from transporting without any license or permit, in sealed packages legally purchased, alcohol and alcoholic liquors, in the amount permitted by the Authority, for his own use and that of his family.

Section 65. **Minimum Age for Licensees and Agents.** No person shall receive a license, permit or agency agreement under this Chapter who is under twenty-one years of age.

Section 66. **Legal Status of Agents.** No agency appointment shall operate to alter in any way the status of an agent holding such an agency agreement with respect to any business or activities outside the scope of the agency, nor accord to such individual or corporation any immunity or privilege not specifically provided for by this Act or the regulations of the Authority.

PART VI. PROHIBITIONS, INTERDICTION, SEIZURES, PENALTIES, AND PROCEDURE IN PROSECUTIONS AND ON APPEAL

Section 67. **Prohibited Sale—Exceptions.** Except as provided in this Act it shall be unlawful for any person by himself or by an employee or agent to expose or keep for sale, or directly or indirectly or upon any pretense or upon any device to sell or offer to sell any alcohol or alcoholic liquor within this State, but this clause shall not be construed to prohibit hospitals, physicians, surgeons, dentists, veterinarians, or similar practitioners, who are licensed and registered under the laws of this State from administering alcohol or alcoholic liquor in the regular course of their professional work and taking into account the cost of the liquor so administered in making charges for their professional services; provided, however, that the Authority may establish rules and regulations governing such use.

Section 68. **Prohibited Possession.** It shall be unlawful for any person except a manufacturer or the Authority to keep any alcohol or alcoholic liquor within the State which has not been purchased from the Authority or a State Liquor Store.

Section 69. **Prohibition of Tied Houses, etc.** It shall be unlawful for any manufacturer

(a) to be interested directly or indirectly in any premises where alcohol or alcoholic liquors are sold at retail, or in any business devoted wholly or partially to the sale of alcohol or alcoholic liquors at retail, by stock ownership, interlocking directors, mortgage or ing with the owner or the proprietor of any other means;

(b) to make any loan to the owner or proprietor or employee of any retail business, or to extend credit to such owner, proprietor or employee; provided, however, that nothing in this section is construed to prohibit merchandising credit extended in the ordinary course of business for a period not to exceed sixty days; and

(c) to enter into a contract or understanding with the owner or the proprietor of any retail business whereby such proprietor agrees to confine his sales to alcoholic liquors manufactured by one or more manufacturers. If the Authority finds that any such manufacturer or retail licensee, permittee or agent is violating this Section, such violation shall be sufficient cause for the revocation of the licenses, permits or agency agreements of all parties participating in such violation.

Section 70. **Packages to Bear Official Seal.** It shall be unlawful for any person except a manufacturer or the Authority to have or keep any alcohol or alcoholic liquor within the State unless the package in which the alcohol or alcoholic liquor is contained has while containing that liquor been sealed with the official seal of the Authority; provided, however, that the provisions of this section shall not apply to receptacles containing alcoholic liquor for immediate consumption.

Section 71. **Sales on Credit.** It shall be unlawful for any State Liquor Store, or any licensee, permittee or agent to sell or offer to sell any alcohol or alcoholic liquor to any person on credit excepting credit extended by a hotel to a resident guest or a club to a bona fide member, and by grocers and druggists who maintain a credit system in connection with other purchases as well, subject to such regulations as the Authority may establish. No right of action shall exist to collect any claim for credit extended contrary to the provisions of this Section.

Section 72. **Sales not for Cash Forbidden.** It shall be unlawful for any State Liquor Store, or licensee, permittee or agent to sell, offer to sell or furnish any alcohol or alcoholic liquor to any person on a passbook or store order, or to receive from any person any goods, wares, merchandise or other articles in exchange for alcohol or alcoholic liquor.

Section 73. **Adulteration Forbidden.** It shall be unlawful for any licensee, permittee or agent or an employee or agent of a licensee, permittee or agent of the Authority to fortify, adulterate, or contaminate any alcohol or alcoholic liquor except as permitted by the regulations of the Authority.

Section 74. **Advertisements.** All advertising of any kind or description within the State is hereby prohibited except in accordance with a code of regulations to be adopted and promulgated by the Authority. No letter, postal card, circular, newspaper, pamphlet or publication or device of any kind containing or constituting advertisement of spirituous, vinous, malted, fermented or other alcoholic liquors of any kind shall be delivered to any addressee at any place in this State except in accordance with such code.

Section 75. **Sales to Minors etc. Prohibited.** No licensee, permittee, or agent or employee of a licensee, permittee or agent or of the Authority shall sell or offer to sell or deliver any alcohol or alcoholic liquor to any person under the age of twenty-one years, to any person visibly intoxicated, to any lunatic, or to a person interdicted, as provided in Section 76 of this Act.

Section 76. **Sales to Habitual Drunkards Prohibited.** Whenever any person shall complain to the Department of Public Welfare of any town, or if there is no such department, to the officer in charge of Public Poor Relief, or to any prosecuting officer that his or her father, mother, husband, wife, child, brother, sister or ward, is addicted to the excessive use of alcoholic liquor, and shall request said Department of Public Welfare, officer of Public Poor Relief, or prosecuting officer in writing, to notify the agents of the Authority and licensees and permittees in said town not to sell, exchange or give any such liquors to such father, mother, husband, wife, child, brother, sister or ward, such Department of Public Welfare, officer of Public Poor Relief, or prosecuting officer shall, on being satisfied that the complaint is true, forthwith notify in writing every agent of the Authority and every licensee and permittee in such town that such request has been made and that the sale, exchange or gift of such alcoholic liquor is forbidden, and such Department of Public Welfare, officer of Public Poor Relief, or prosecuting officer shall keep record of such notification, which may be used as evidence. Such notification shall remain in force so long as such agents and licensees and permittees shall continue to be permitted to sell alcohol or alcoholic liquor, but the Department of Public Welfare or officer of Public Poor Relief or prosecuting officer may revoke such notification at any time.

Section 77. **Analysis of Specimens.** The analyst or assistant analyst of the Authority shall upon request make, free of charge, an analysis of all alcohol and alcoholic liquors sent to him by police or health officers or other officers authorized by law to make seizures of alcoholic liquors. The said analyst or assistant analyst shall return to such police or other officers, as soon as may be, a certificate, signed by said analyst or assistant analyst making such analysis, of the percentage of alcohol etc. which such samples of liquors contain. Such certificate shall be prima facie evidence of the composition and quality of the alcoholic liquor to which it relates, and the court may take judicial notice of the signature of the analyst or assistant analyst, and of the fact that he is such.

Section 78. **Certificate of Analysis.** A certificate shall accompany each sample of liquors sent for analysis by an officer to the Authority, stating by whom the liquors were seized, the date of the seizure, and the name and residence of the officer who seized said liquors. Said Authority shall note upon said certificate the date of the receipt and the analysis of said alcoholic liquors and the percentage of the alcohol, as required by the preceding section. Said certificate shall be in the form prescribed by the Authority.

Section 79. **Certificate as Evidence.** The secretary of state shall provide and cause officers to be supplied with a suitable number of the forms prescribed by the preceding section. The certificate of the Authority shall be admitted as evidence on trials for the forfeiture of alcoholic liquors as to the composition and quality of the liquors to which it relates.

Section 80. **Analysis under Court Order.** Any court or trial justice may cause alcoholic liquors which have been seized under this chapter to be analyzed by a competent chemist, and the reasonable expense thereof shall be taxed, allowed, and paid like other expenses in criminal cases.

Section 81. **Delivery as Prima Facie Evidence of Sale.** The delivery of alcohol or alcoholic liquors in or from a building, booth, stand or other place, except a private dwelling house, if any part thereof or its dependencies is used as an inn, eating house, vehicle, or shop of any kind, such delivery in either case being to a person not a resident therein, shall be prima facie evidence that such delivery is a sale.

Section 82. **Search Warrants and Seizures.** If two persons of full age make complaint to a court or trial justice or justice of the peace authorized to issue warrants that they have reason to believe and do believe that alcohol or alcoholic liquors, described in the complaint, are kept or deposited by a person named therein in a store, shop, warehouse, building, vehicle, steamboat, vessel, or place, and are intended for sale contrary to law, such court or justice, if it appears that there is probable cause to believe said complaint to be true, shall issue a search warrant to a sheriff, deputy sheriff, city marshal, chief of police, deputy chief of police, deputy marshal, police officer, state police officer or constable, commanding him to search the premises in which it is alleged that such alcohol or alcoholic liquors are deposited, and to seize such liquors, the vessels in which they are contained, and all implements of sale and furniture used or kept and provided to be used in the illegal keeping or sale of such liquors, and securely keep the same until final action thereon, and return the warrant with his doings thereon, as soon as may be, to a district court or trial justice having jurisdiction in the place in which such alcohol or alcoholic liquors are alleged to be kept or deposited.

Section 83. **Notice of Order to Show Cause.** The court or trial justice before whom the warrant is returned shall, within twenty-four hours after the seizure thereunder of the alcohol or alcoholic liquors and the vessels containing them, issue a notice, under seal, and signed by the justice or clerk of said court, or by the trial justice, commanding the person complained against as the keeper of the liquors seized and all other persons who claim any interest therein or in the vessels containing the same to appear before said court or trial justice, at a time and place therein named, to answer to said complaint and show cause why such liquors and the vessels containing them should not be forfeited.

Section 84. **Service of Notice.** The notice shall, not less than —— days before the time appointed for trial, be served by a sheriff, deputy sheriff, constable or police officer upon the person charged with being the keeper of the alcohol or alcoholic liquor seized, by leaving an attested copy on the building in which the alcoholic liquors were seized, if they were found in a building; otherwise in a public place in the city or town in which the liquors were seized.

Section 85. **Proceedings for Forfeiture.** At the time and place designated in the notice, the person complained against or any person claiming an interest in the alcoholic liquors and vessels seized, or any part thereof, may appear and make his claim verbally or in writing, and a record of his appearance and claim shall be made, and he shall be admitted as a party to the trial. Whether a claim as aforesaid is made or not, the court trial justice shall proceed to try, hear, and determine the allegations of such complaint, and whether said liquors and vessels, or any part thereof, are forfeited. If it appears that the liquors or any part thereof, were at the time of making the complaint owned or kept by the person alleged therein for the purpose of being sold in violation of law, the court or trial justice shall render judgment that such and so much of the liquors so seized as were so unlawfully kept, and the vessels in which they are contained, shall, except as hereinafter provided, be forfeited to the State.

Section 86. **Disposition of Forfeited Merchandise.** Any alcoholic liquors and vessels so forfeited shall, by authority of the written order of the court or trial justice, be forwarded to the Authority, which upon receipt of the same shall notify said court or justice thereof. If, in the judgment of the Authority, it is for the best interest of the State that such liquors and vessels be destroyed, it shall destroy or cause the destruction of such liquors and vessels, but if in its judgment it is for the best interests of the State to sell the same, it shall cause the same to be sold, or it may deliver such alcoholic liquors to any department or agency of the State for medical, mechanical or scientific uses.

Section 87. **Restitution of Merchandise Seized without Cause.** If it is not proved on the trial that all or part of the liquor seized was kept or deposited for sale contrary to law, the court or trial justice shall issue a written order to the officer having the same in custody to return so much thereof as was not proved to be so kept or deposited and the vessels in which it is contained, to the place as nearly as may be from which it was taken, or to deliver it to the person entitled to receive it. After executing such order, the officer shall return it to the court or trial justice with his doings endorsed thereon.

Section 88. **Costs.** If no person appears and is admitted as a party as aforesaid, or if judgment is rendered in favor of all the claimants who appear, the cost of the proceedings shall be paid as in other criminal cases. If only one party appearing fails to sustain his claim, he shall pay all the costs except the expense of seizing and keeping the liquors, and an execution shall be issued against him therefor. If judgment is rendered against two or more claimants, the cost shall, according to the discretion of the court or trial justice, be apportioned to such parties, and executions shall be issued against them severally. If such execution is not forthwith paid, the defendant therein named shall be committed to jail, and shall not be discharged therefrom until he has paid the same and the costs of commitment, or until he has been imprisoned thirty days.

Section 89. **Appeals.** A claimant whose claim is not allowed as aforesaid, and the person complained against, shall each have the same right of appeal to the superior court as if he had been convicted of crime; but before his appeal is allowed he shall recognize to the State in the sum of ——— dollars, with sufficient surety or sureties, to prosecute his appeal to the superior court and to abide the sentence of the court thereon. Upon such appeal, any question of fact shall be tried by a jury. On the judgment of the court after verdict, whether a forfeiture of the whole or any part of the alcoholic liquors and vessels seized, or otherwise, similar proceedings shall be had as are directed in the preceding sections.

Section 90. **Certificate of Conviction.** Upon the conviction of a holder of a license or permit under this Chapter of the violation of any law relative to the business he is licensed or permitted to pursue the court in which he has been convicted shall send to the Authority a certificate under seal, showing the time and place of such conviction.

Section 91. **Declaration of Common Nuisance.** All alcohol and alcoholic liquors which are kept for sale contrary to law and the implements and vessels actually used in selling and keeping the same are declared to be common nuisances.

Section 92. **Violations—Separate Offenses.** Every corporation, association, copartnership, or individual engaged in the traffic in liquor shall upon conviction of a violation of any of the provisions of this Act be liable for and suffer the penalties imposed therein; and in construing and enforcing the provisions of this Chapter relating to penalties, the act of a director, officer, agent, or any clerk, servant or other person acting for or employed by a corporation, association, copartnership or individual subject to the provisions of this Act, and acting within the scope of his employment, shall be deemed the act of such corporation, association, copartnership, or individual. Each violation of any of the provisions of this Act shall constitute a separate and complete offense. When such violation consists of the manufacture or production of alcohol or alcoholic liquors, contrary to the provisions of this Act, each day during which or any part of which such manufacture or production is continued shall be deemed a separate violation. When the violation consists of the sale, or the offering or exposing for sale of alcohol or alcoholic liquors contrary to the provisions of this Act, the sale of each one of several packages shall constitute a separate violation, and each day on which any such liquor is offered or exposed for sale shall constitute a separate violation. Every violation of any rule or regulation of the Authority shall constitute a separate and distinct offense, and in case of a continuing violation, every day's continuance thereof shall constitute a separate and complete offense.

Section 93. **Penalties and Forfeitures.** Every corporation, association, copartnership or individual and all officers, agents, and employees thereof violating any of the provisions of this Act or of any rule or regulation made under authority of this Act, and every licensee, permittee or agent failing to comply with any of the terms, conditions or provisions of this Act or of his license, permit or agency agreement shall be liable to the penalties and forfeiture hereinafter prescribed.

1. Any person trafficking in alcoholic liquor who is prohibited from so doing pursuant to the provisions of Section 67, or who does so in territory wherein such traffic is prohibited pursuant to the provisions of Sections 95 to 98, inclusive, or who has not obtained a license, permit or agency agreement therefor pursuant to the provisions of Sections 42 and 46, or who has neglected or refused to make application for a license, permit or agency agreement therefor pursuant to the provisions of Section 59, or to give the bond required therefor pursuant to the provisions of Section 47, or to pay the fee prescribed therefor pursuant to the provisions of Section 47, shall be guilty of a misdemeanor, punishable by a fine of $1,000, provided that such fine shall equal at least double the amount of the license fee for one year imposed by this Act upon the kind of traffic in liquors which is being carried on, at the place where carried on, or which would be so imposed if such traffic were lawful; or by imprisonment for not less than thirty days nor more than one year; or by both such fine and imprisonment.

2. Any person who shall make any false statement in the application for a license, permit or agency agreement pursuant to the provisions of Section 59, or for a transfer thereof, or shall violate any of the provisions of Sections 39, 45, 63, 69, and 75 shall be guilty of a misdemeanor, punishable by a fine of not more than $500 or by imprisonment for not more than one year or by both such fine and imprisonment.

3. Any person violating any provisions of this Act for which no penalty or punishment is otherwise prescribed shall be guilty of a misdemeanor, punishable by a fine of not more than $1,000 or by imprisonment of not more than one year or by both such fine and imprisonment.

Section 94. **Appeals.** An appeal shall lie from any conviction or order made in the prosecution of this Act and the practice and procedure on any appeal from any such conviction or order, and all proceedings thereon, shall be governed by the law applicable to appeal in criminal cases.

PART VII. LOCAL OPTION PROVISIONS

Section 95. **Local Option Area.** In every county or city in this State, and in any other governmental unit in the State when approved by the Authority, an election may be held not oftener than once in five years to determine the will of the electors with respect to the sale of alcohol and alcoholic liquors by the Authority and the granting of licenses, permits and agency agreements by the Authority for such sale within the limits of such county, city, town or other approved governmental unit. All of the provisions of this Act shall apply throughout the entire State except in so far as they shall be modified by the vote of the voters in any county, city, town, or other governmental unit in the manner provided in this Part VII of this Act.

Section 96. **Questions Submitted.** Whenever electors equal to at least ——— per centum of the highest vote cast for any office in the county, city, town or other approved governmental unit at the last preceding general election shall petition the governing board or body or other controlling authority thereof for a referendum on the question of prohibition or permitting the sale therein of alcohol and alcoholic liquor, the respective governing board, body, or other controlling authority shall cause questions to be submitted at a special election occurring at least ——— days thereafter by certifying a resolution duly adopted to the board of elections for the submission of such questions by ballot in the manner provided by the election laws of the State so far as they may be applicable.

Such questions shall be in the following form:

Question 1.	Shall the sale of alcoholic liquor by the package for consumption off the premises where sold be permitted?	Yes No
Question 2.	Shall the sale of beer and naturally fermented wine by the drink for consumption on the premises where sold be permitted?	Yes No
Question 3.	Shall the sale of alcoholic liquor by the drink for consumption on the premises where sold be permitted?	Yes No

Section 97. **Effect of Vote.** In granting licenses and permits and in establishing state liquor stores and agencies within said local option territory, the Authority shall be governed by the majority decision of the voters, voting thereon, provided, however, that an affirmative vote on question three shall be construed as an affirmative vote also on questions one and two, regardless of the votes thereon, and an affirmative vote on question two shall likewise be construed as an affirmative vote on question one, regardless of the vote thereon, and provided further that such local option election shall not affect the issuance of licenses and permits for the sale of alcohol and alcoholic liquors for medicinal purposes, or for beer and for naturally fermented wine not in excess of 14 per cent alcoholic content by weight; and provided further that nothing in this section shall be construed to exclude the importation of alcoholic liquors by the package into such county, city, town or other approved governmental unit by consumers for personal use from areas where such sale is permitted in accordance with the rules and regulations of the Authority. The decision of the voters shall become effective

thirty days after the filing of the certificate of the results of the election with the Authority by the local board of election, and all conflicting licenses, permits, agencies or stores shall be cancelled and discontinued on such date.

Section 98. **Further Restrictions by Authority.** The Authority may mark out any area or zone within the State, which it may think desirable from the standpoint of public welfare, and may establish therein restrictions or limitations, in its discretion, upon the sale of alcoholic liquors, provided that this action on the part of the Authority does not override a negative popular decision as expressed at the latest special election on the questions stated in Section 96.

Part VIII. General Provisions

Section 99. **Appropriation.** The sum of ——— dollars, or so much thereof as may be necessary, is hereby appropriated from any money in the treasury not otherwise appropriated, and made available for the administration of the provisions of this Act, payable from the treasury on the audit and warrant of the chairman of the Authority.

Section 100. **Partial Invalidity—Saving Clause.** If any word, clause, sentence, paragraph, or section of this Act shall be declared invalid by any court of competent jurisdiction, the remainder of the Act shall not be affected.

Section 101. **Repeal of Inconsistent Provisions.** Any acts or parts of acts in conflict with the provisions of this Act are hereby repealed to the extent of such conflict.

Section 102. **Effective Date.** There being an emergency, this Act shall take effect on and after ———.

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THE LEAGUE'S BUSINESS

Prizes Awarded Winners of Radio Essay Contest.—To supplement the current "You and Your Government" radio series on "The Crisis in Municipal Finance," the National Municipal League has sponsored an essay contest on the subject: "My Town—What Can I Do to Boost Its Credit?" A prize of $100 was offered for the best paper from a college student and a similar award for a high school student. The prizes were made possible through the generosity of Frank H. Morse, of Lehman Brothers, New York, and Morris Tremaine, Comptroller of New York State.

The judges of the contest were: Miss Katharine Ludington, of the Committee on Civic Education by Radio and the League of Women Voters; Richard Welling, chairman of the National Self-Government Committee, and former civil service commissioner of New York; and Lawson Purdy, Comptroller of the Corporation of Trinity Church, former director of the Charity Organization Society of New York, and former president of the National Municipal League.

The prizes were awarded to Leon S. Smelo, student in the Medical College of the University of Pennsylvania, and Rose E. Smith, senior in the Newtown High School of New York City. The prize-winning papers are published in this issue of the National Municipal Review.

* * *

Radio Broadcasts to be Continued.—When the current "You and Your Government" radio series terminates on February 6, a new program will be announcing which should be just as interesting and timely as its predecessors. The remaining discussions in the present series on: "The Crisis in Municipal Finance" are as follows:

January 9—"Modernizing the Mechanism of Local Finance." Mayor Joseph F. Loehr, Yonkers, New York; William P. Capes, Executive Secretary, New York Conference of Mayors and other Municipal Officials; Prof. Thomas H. Reed, University of Michigan.

January 16—"Regenerating Local Civil Service." Charles P. Messick, Chief Examiner and Secretary, Civil Service Commission, New Jersey; H. Eliot Kaplan, Secretary, National Civil Service Reform League; Prof. William E. Mosher, Director, School of Citizenship and Public Affairs, Syracuse University.

January 23—"Renovating Local Administration." Lavinia Engle, Chairman, Civil Service Reform Committee, Maryland House of Delegates; Prof. A. R. Hatton, Northwestern University.

January 30—"The Banks and Better Municipal Credit." O. C. Lester, Vice-President, Bowery Savings Bank, New York; George V. McLaughlin, President, Brooklyn Trust Co., Brooklyn, New York; Luther Gulick, Director, Institute of Public Administration.

February 6—"The Investor and Sound Local Finance." Dr. Louis I. Dublin, Vice-President, Metropolitan Life Insurance Company; Willard I. Hamilton, Vice-President, Prudential Insurance Company of America; President, New Jersey State Chamber of Commerce; Harold S. Buttenheim, Editor, The American City Magazine.

* * *

President Seasongood Much in Demand as a Public Speaker.—Whenever and wherever President Seasongood speaks, his observations are always enthusiastically received. He has had a busy schedule this month. His present and past engagements include: addresses in New Orleans, under the auspices of the Political Science Department of Tulane University, Indianapolis, Louisville, Chicago, Pittsburgh, Northampton (Smith College) and New York City. The National Municipal League is deeply appreciative that our president, in the midst of his many activities, finds time for this missionary work.

HOWARD P. JONES, *Secretary.*

Editorial Comment
❖
January

NATIONAL MUNICIPAL REVIEW

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Cassandra á la Mode

Cassandra's unpopularity throughout the ages is due to the fact that no one would take her warning. If the Trojans had listened to her, she would be one of our heroines of legendary history instead of the symbol of ill omen she is today. So often does the public leader's credit for judgment and integrity depend, not on himself, but on the intelligence of his following.

It is a thankless procedure at this time, when the city manager plan is so enthusiastically urged forward, when no less an authority than Richard S. Childs announces that this system is at last on the straight road to success, to center attention a moment on one dangerously weak link in the whole chain of local interplays that is involved in city manager administration. But the weakness is there, it is inherent with disaster, and it must be considered as thoughtfully, and with as much vigorous action in view, as we are expending on the stronger and less disconcerting links. It is for this reason that the present issue of the Review breaks into the chorus of relieved congratulation over several city manager victories, with a few brief pen pictures from men whose experience has shown them that the city manager's position is still precarious, and also has shown them why.

* * *

In a little southwestern town, Bernard J. Smith assumes the city managership, apparently equipped with a sound philosophy of administration, with legal clearance which, if left to himself, would have given him opportunity to carry his ideas through, and with the individual training and capacity to make them operative. He is defeated before he is fairly started by an element he cannot control, but which must inevitably be a factor in city manager administration anywhere. In a larger eastern city, Walter H. C. Laves shows how this same malign element first gave to a city manager campaign the appearance of a mirage success, then turned upon itself and scrapped the whole project. In Indiana, Dr. C. T. Malan uncovers this element itself by a unique experiment in finding out what the average voter knows.

This trilogy should be read thoroughly and its bearing considered upon permanent advance in local self government in every community, and in any political system whose life depends on the approval of the voters. It gives rise to thoughts that may not be pleasant, but are salutary. It shifts the emphasis of importance away from the technical training of the city manager, to the training of the people to support their manager.

* * *

The concept is not new. Its trouble is that it is so obvious as always to be taken for granted, and so intangible that the mind shies from it and prefers to dwell on the concrete problems to be dealt with, if and when the city manager is really permitted to do his work. But the experiences here cited are neither vague nor remote. They are actualities, as much a part of community life as waterworks or streets. These writers show that an intelligence deficit in a community is more dangerous to the city manager than a financial one. You can borrow money to tide you over a payroll, but you cannot borrow brains to tide you over an election.

This difficulty always has been with us, but it is only in such devices as the city manager plan that it appears as a serious obstacle. This is because the city manager plan is a frank recognition that public administration is a technical field, outside the thought range of the average citizen regardless of his mental capacity. American politics have never been like that before. The voters will follow the politician because they can understand him when they cannot understand the city manager. Naturally, then, when both appeal to the voter's understanding, only one result is possible.

* * *

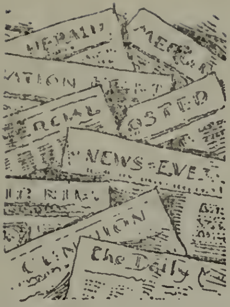
That is why the first victory at the polls for the city manager plan so often turns out to be the easiest. Discontent with the political regime overthrows a form of city government in favor of a new form—any form so long as it is different. But the "victory" at any time may prove an illusion. It turns out to be a victory of discontent, not of progress. So today we see Dubuque voting whether to abandon the plan, the city manager of Oakland ejected from office on an excuse that would bankrupt a side street plumber if he used it as a business principle, the city manager of Middletown, Ohio, resigning in despair because the same electorate that adopted the new form of government has now elected a majority of councilmen hostile to it. These examples will increase in geometric ratio just so long as we procrastinate in organizing a definite, comprehensive campaign to give understanding of its aims to the voters, as an indispensable part of our efforts improve local government through the city manager system.

Nothing but encouragement for this idea is offered by the three men who in this issue describe their encounters with the popular mind in dealing with civic problems. They are as definitely agreed that the thing can be done, as they are that the handicap is hopeless until it is done. Again they show why from their own experiences, which is what makes their testimony so valuable. It is possible also that some light will be revealed to astute subscribers who are able to read between the lines, and see influences at work of which the authors, in the midst of the combat, were unaware. Clifton E. Hickok's observations as a former city manager are further testimony to this need. Encouragement also is found in the article by Harold I. Baumes showing what the voters of an ordinary community want to know about their own government service.

* * *

As for the city managers themselves, the lonely image of Cassandra persistently recurs. She was high priestess of a cult to whom the Trojans gave lip service without comprehension. She tried to warn her people that "Greeks bearing gifts" were the same old enemies they had armed themselves to fight, but her language was too cryptic for their minds. In the presence of a tangible Greek gift she was classed as a theorist, and after twelve years' warfare the Trojans opened their own gates to the enemy.

Edward M. Barrows.



HEADLINES

After a successful campaign on behalf of Mayor-elect Mansfield, the Boston Good Government Association ends its thirty-year career on December third with this Bostonesque statement: "We have for some time been coming to the conclusion that an organization such as ours can function efficiently only during the time of the generation which brought it forth. It cannot very well project itself into another generation; other times, other matters."

* * *

Cleveland, announces Mayor Harry Davis, faces bankruptcy and he proposes payment of public employees in scrip as one step toward alleviation. Before proceeding too far with this idea the Cleveland city fathers might do well to consult their neighbors in Detroit. City officials there have been having some experiences with this medium that they are burning to tell about, and they would probably be glad to cross the Lake and make the matter clear just for their expenses—provided these were not offered in scrip.

* * *

City Manager Ossian E. Carr, of Oakland, California, is removed from office on the grave charge of coming from somewhere else, the city fathers being at pains to make it clear that Mr. Carr's honesty and efficiency are not questioned. They merely believe in paying Oakland salaries to Oakland men. Lucky this profound principle of statecraft was not discovered earlier. Otherwise only Indians would be eligible for office,—and not many of them.

* * *

Campbell, Ohio, (population, 15,000), acquires a city manager without even an election. With securities in default, salaries two years in arrears, and current bills unpaid, the courts put the city in the hands of a receiver. Municipal officials remain in office with their powers limited to signing on the receiver's dotted lines.

* * *

A Dubuque, Iowa, "Taxpayers' Committee" presents a petition to the city council, asking for a referendum on retaining the city manager form of government and signed with 6,181 names. On protracted scrutiny the council finds that the names were assembled from three different petitions, one in 1927, another in 1933, and a third "purported to have been signed in 1933, but containing evidence therein of having been signed at a much earlier date." After eliminating 674 signatures of persons (1) who are not registered at the address given, (2) who were on the same petition more than once, (3) *who were discovered to be dead at the time the petitions were filed,* and (4) who were "other than the electors whose names they purported to be," the council nevertheless decides that a quorum of valid signatures still remains and orders a referendum accordingly. Next, the District Court throws out all the petitions as illegally made, and there the matter rests.

In Beloit, Wisconsin, the Circuit Court holds that street lighting is a governmental function over which the public service commission has no power, so it is not necessary for the city to obtain consent to erect its own municipal lighting plant.

* * *

New York State is in upheaval over county reorganization. The citizenry seems to want it. The patriots controlling the two major parties want anything else but. They have to appear to want it, however, to keep the peace with their constituents, so each party moans aloud because the other party is blocking the road to true progress. Gilbert and Sullivan came a generation too soon.

* * *

Santa Monica votes down the city manager plan, 7,340 to 4,366.

* * *

New York City's taxicab tax has been ruled illegal by the courts, and now the city is wondering what to do with approximately $800,000 collected under its provisions. The city cannot spend it legally, the taxicab companies have no claim to it, the taxi passengers who paid it did not leave their addresses with their chauffeurs, and the city has neither authority nor facilities for continuing possession. Can't keep it, can't spend it, and can't give it back—but can use it unstintedly otherwise. The city fathers contemplate this sum between worries over an impending payroll deficit.

* * *

Governor Olson of Minnesota recommends a state referendum on state liquor dispensaries, his own predilections being in favor of this method of control, while the concensus of local official opinion seems to favor license control.

* * *

In an address before the St. Louis Rotary Club, Governor Caulfield of Missouri, urges concentration of all state power in the governor, for efficiency's sake. At the same time, Simeon E. Leland, of the Illinois Tax Commission, publicly urges the entire abolition of states, with the nation regionalized around cities, the regions responsible to the federal government. Next, the *Norfolk* (Nebraska) *Press* advocates smaller state legislatures to reduce the cost of government, and the *Clifton Forge Review* favors applying the same idea for Congress. There are too many national conventions already, it's true. Still, somebody ought to get these people together somewhere.

* * *

Add to the Hall of Fame the Chicago bankers who refused to handle local municipal bond issues because of their insecurity, and then bought $42,000 worth of Omaha city bonds which turned out to be forgeries.

* * *

And the worthy Ohio electorate which on the same election day voted (1) to lower the legal tax maximum, and (2) to institute a state system for old-age pensions.

A City Manager Loses His Job

The story of an arch that had no keystone—in which the author points out pitfalls for executives to avoid

BY BERNARD J. SMITH

Baytown, Texas

CITY managers, as well as the increasing number of former city managers, will generally agree that the administrative head of a city is never long out of difficulties. They are his stock in trade. But it seems pertinent to review some of the difficulties that by their nature may stultify the city manager's position. Outstanding in my own experience are the following:

(a) A hostile commission that gives lip service to the manager plan, while fully intending to rough-ride the manager.

(b) A powerful anti-manager political bloc with a strong following.

(c) An ambiguous charter that leaves plenty of room for argument.

(d) A general feeling prevalent among the voters that managing a small town is a petty business man's job.

That there are other difficulties goes without saying. Those listed involve a multitude of minor perplexities. Not all may exist simultaneously, but from his first hand experience as the manager of a small town, the writer is witness that when they do co-exist, they can cloud the city administrator's life. He battled with them continuously for almost a year before he succumbed under the onslaughts of a blood-thirsty opposition.

In dealing with difficulty (a), the policy adopted by the manager had six planks: first, to tie the commission to certain principles and rely on their sense of fair play and justice to honor them; second, to seize every opportunity to convert to the manager plan any unbiased members of the opposition; third, to refuse flatly to assume responsibility for appointees placed on the city staff without any regard to efficiency, or without considering the manager; fourth, to follow consistently the best interests of the city, irrespective of party lines; fifth, to show every consideration to the city hall personnel no matter how appointed, and thus strive for loyalty; sixth, to eliminate personal publicity, and instead to throw the spotlight on the work performed, and on the council's activities.

WHAT WOULD DANIEL DO?

But the situation was something on a par with Daniel's entrance into the lion's den, minus the personal magnetism of the lion-taming Daniel. The going was exceedingly rough. The first plank failed at the outset for the respective functions of commissioners and manager had never been reduced to writing, and only verbal acquiescence to general policies could be obtained. Resignation of the city manager should have been in order right then.

The remaining planks succeeded well in practice, except the sixth. Personal publicity could not be avoided. A struggle was on between the old and the new concepts of government, and the local press, sensing this struggle, played up the personal aspects. But the success of the major portion of the program gradually built up a bulwark that seemed to forecast ultimate success, and this encouraged the manager to discard all thought of resignation. A human struggle was going on at the city hall, and partisans within the commission and on the streets outside gathered around the opposing standards.

A VICTORY THAT BACK-FIRED

The test came at last, after months of see-saw struggle between the manager who fought for freedom of administrative action, and the commission majority which wanted to make the manager's office a cats-paw for firing and hiring indiscriminately; a general rubber stamp in other words. The manager made a list of appointments for a work relief board and submitted the names for ratification. After a fiery two weeks the appointments were ratified, and final victory seemed clinched.

But there is no escaping death and taxes. Unfortunately death called a hand by eliminating a very fair and judicial minded commissioner. A new commissioner was elected during the heat of the work relief struggle. Two weeks after being inducted into office on a platform in which retention of the manager had been prominent, this commissioner made a motion to dismiss the manager. "Harmony" was alleged to be the reason, and in truth, where a majority wish to force through a program, political "harmony" was essential.

Commenting on this difficulty of serving an anti-manager commission, it is my opinion that no man does himself justice by serving under such conditions. Yet the alternatives are to become a *de facto* city secretary, or else leave the office vacant. It may be that the best way out is to demand a show-down on some clear-cut issue, and then if the result is defeat, to resign and publish the entire record. Such a course makes a martyr of the newly appointed manager. The natural inclination is to battle ahead as long as possible, hoping that affairs will right themselves. But experience shows that politicians elected to the commission under such conditions will brook no opposition and the manager is doomed to failure. Hence the final answer to such conditions, in the writer's opinion, is a concerted move for an education campaign, meantime letting the anti-manager forces in power pick a rubber stamp employee to fill the pseudo-manager's office.

Discussing difficulty (b)—the anti-manager political bloc. The manager concentrated on such members of this group as he could, and discussed the problems at issue, avoiding any semblance of dictatorship—which was their battle cry,—and insisting on a good humored basis in argument. An active conciliatory policy was followed, and it succeeded while the manager was in office. It failed at the polls; a triumphant partisan machine defeating a nebulous, ill-organized "sane" element in a mud-slinging campaign.

WHY THE CAMPAIGN FAILED

Strong criticisms can be made here. First it is axiomatic that right without might is rarely the winner. Because the opposition "pulls fast ones" that seem shameless and bound to end in disaster, is no proof that they will lose at the polls. Public memory is short, and only continuous organized effort will rid a city of a political machine, even if that machine does represent but a minority. Consequently there should be some ethical way in which the manager can go in and fight when he encounters an insidious campaign being waged under cover, with lies and misinformation poisoning the public mind. For more than his job is at stake. It is a tried and essentially efficient system of government that is being undermined.

Unless there is another leader versed in the issues at stake, the manager, with his inside knowledge of the real causes of friction, and the political machinations involved, must lead the defense. And in a small town, no business or professional man depending on the whole citizenship for his clientele can afford to be the banner bearer. In this predicament if the manager is hog-tied ethically to neutrality he is at a serious disadvantage, and eventually becomes disgusted with an impossible situation. By all means he should take the offensive.

HOODWINKING BLIND VOTERS

As to difficulty (c)—an ambiguous charter: in this instance the manager followed the obvious route of referring all technicalities to the city attorney and attempting to iron out the glaring inconsistencies with him by a give-and-take method. But a city attorney who is politically appointed can wriggle under legal subterfuges like an eel. Casuistry is a strong feature in the legal world and a politician-lawyer is a past master of this art. It soon became apparent to the manager that only constant publicity which would show the need for a revised charter could effect a cure. Lacking a standing charter committee, the issues involved were never made plain to the voters, and they seem destined to be a political issue until they are changed. This emphasizes the vital good a standing charter committee can perform, and also the great need for expert drafting in all charters.

The last difficulty of all, that the small-town citizenry believed running the community was a one man job for any good fellow around town proved to be the worst. An ignorant electorate is fertile ground for the most fantastic beliefs. Fantastic as it may sound, one commissioner made the motion (this in a town of over 5,000!) to restrict the city hall staff to the manager and a stenographer. To administer a town with municipally owned utilities, to maintain a street system of first, second, and third class roads, and to maintain efficient tax assessments and collections, would seem to a sensible observer more than a two person job. The commissioner's motion reveals the vast gulf of ignorance between the electorate's conception of the amount of routine hard work necessary at the city hall, and the actual facts. Good government deriving from an ignorant electorate is a *rara avis.* Rather, such an electorate provides the background for machine dominance and demagogery par excellence.

Reviewing the whole situation, it is time that emphasis was taken off the manager and placed on the commission. Without good commissioners, the best manager is useless. A poor commission can wreck the work of generations. The manager, being an appointee, cannot be any way so dangerous. As vitally as we need able city managers, just as vitally do we need competent, honest city commissioners. Otherwise the city managers will never be out of difficulties.

Utica Battles for the Manager Plan

But ineffective citizens' organization bows before efficient election day tactics of political machine

BY WALTER H. C. LAVES

Hamilton College, Clinton, New York

Sentiment in favor of the city manager form of government continues to flourish in the city of Utica, New York, despite three setbacks during the last eleven years. An overwhelming defeat of 11,925 to 6,041 in 1922; a court decision invalidating the victory of 1932; and a defeat by more than 4,000 votes in the special election of June, 1933 has left the sponsors of the plan undismayed and merely waiting for the most auspicious moment for the next attack.

The reasons for the last two failures of the movement appear to have been (1) the political ineptitude of the sponsors of the plan, and (2) the absence of any good scandal concerning the government of the city. The campaign which preceded the election of 1931 was poorly organized. Although the original demand for the change in government had been made early in 1930, no steps toward organizing opinion were taken until a few weeks before the election of November 1932. The surprising thing is that the manager group carried the election by 12,574 to 10,910.

Had there been any organization at all, and had there been any real charge of corruption against the city administration, the vote might have been far more decisive. However, organization costs money, and of this the reformers had too little. Nine hundred dollars, collected in small sums, was the total of its funds. Business men and industrialists generally refused to contribute, partly because they lacked enthusiasm for the movement, and partly for fear of political tax reprisals, should their names become known.

A VANISHING TRIUMPH

Yet a victory is a victory, no matter by how small a plurality it is won, and the real penalty for want of organization did not become evident until a few days after the election. Rumors that the legality of the election was to be contested were confirmed when on December 11, 1931 Nicholas G. Powers, acting for M. William Bray, Democratic county chairman, secured from Supreme Court Justice F. J. Cregg an order restraining the city clerk of Utica from certifying to the vote on the change of government, pending argument of the case in court. The substitution of a new plaintiff in place of Mr. Powers, who was disbarred from practice for reasons not related to this case, and the prolonged illness of Justice Cregg delayed action of any sort until September, 1932. At this time the new plaintiff secured from Justice Cregg approval of a stipulation discontinuing his connection with the case. On October 1, 1932, following demands from various groups that a decision be reached, a friendly taxpayer's suit was brought before Supreme Court Justice Dowling attacking the legality of the election on the ground (1) that the city clerk of Utica and the county clerk of Oneida had failed to conform to statutory requirements, and (2) that the Optional Government Law of 1914 was unconstitutional. Justice Dowling upheld the plaintiffs on the first ground, and declared the adoption of the city manager plan illegal.[1] The political ineptitude of the reform group in playing directly into the hands of its opponents by failing to exercise the most elementary circumspection compelled the learned Justice to remark:

> The provisions of the statute governing the submission of this question to the electors of Utica are neither uncertain nor ambiguous. They are as patent as a midday August sun. Of no avail now, the labor expended. Thwarted, the will of the majority so handsomely expressed at the polls. The blunders made are safe even from the curative powers of a court of equity. . . . Let the blunders of this venture in political action remind the electorate that success in public affairs is the product of eternal vigilance; that once enlisted in a public enterprise they must push the attack relentlessly till the last trench is carried and the field is won.

THE SECOND BLUNDER

Undismayed by their defeat and accepting the challenge of the controlling political parties, the sponsors of the city manager plan organized for another referendum. In view of the momentum which the cause had gained, there was no reason why victory should not have been theirs at the next general election. But the champions of good government seemed to be courting defeat. In my opinion, another blunder was committed. Instead of submitting the question at the fall election, it was presented at a special election in June, 1933. Under the best of circumstances it is well nigh impossible for a poorly organized, non-professional reform group to measure up to the efficiency of a political machine at a special election.

BLUNDER NUMBER THREE

At general elections there is chance of upsetting the *status quo* because the widespread ballyhoo of campaigns serves to bring out the most lethargic "good citizens." Once they are at the polls it requires little additional effort to vote in favor of reform measures. At a special election, however, the volume of voters turning out is in direct proportion to the efficiency of the machine, and there is no machine so efficient as that which has for its cogs the thousands who will tangibly benefit from a favorable outcome of the election.[2] Good citizens are interested in honest government, but this is not a thing for which men fight, unless corruption has gone so far as to undermine economic security.

To the machines the issue was clear: success of the manager plan would curtail the perquisites of public office; to go to the polls was simply a matter of defending one's income and very right of existence. To the "better element" the issue was not so clear: there had been no charges of corruption—in fact, Utica's government was supposed to be above the average; and should the manager plan win, it was at least possible that the new machinery of government would fall into the hands of the politicians. Election day being an exceptionally hot one, those whose livelihood depended upon the outcome went to the polls, with their friends. Those to whom politics was at most an avocation cooled

(Continued on Page 44)

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[1] The statute requires the city clerk and the county clerk to post and publish notices of the forthcoming submission of the question to the voters. Both failed to conform to the statutory requirement. Sec. 20 of Art. 2 of Laws of 1914, Chapter 444.

[2] Editor's note: There is, of course, the opposing view that the charter question would have been overshadowed in a general election.

How Much Does a Voter Know?

Revealing a dangerous rift between a voter's knowledge and the real facts

CONDENSED FROM A REPORT OF C. T. MALAN

Two weeks prior to the 1932 election, Dr. C. T. Malan, professor of social studies, State Teachers College, Terre Haute, Indiana, with the aid of a group of advanced students in government, conducted a survey relating primarily to the degree and character of information possessed by voters at that time.

Two amendments to the state constitution of Indiana were submitted to the voters: one to permit taxation upon income, and the second to require certain educational qualifications for the practice of law. Out of the total number of 1,600,484 voting at the general election at that time, 690,363 or 43.13 per cent did not vote on either amendment. Neither amendment carried.

The following table shows the results of the questionnaire:

1. Occupation of voters answering the questionnaire (3,279): business men (owners and managers), 261; clergy, 12; farmers, 168; housekeepers, 462; lawyers, 42; physicians, 72; public officials, 45; salesmen, 147; skilled labor, 507; stenographers and office workers, 189; students, 222; teachers, 390; unemployed, 195; unskilled laborers, 567.

2. Will you vote at the coming election?

Yes	2,886	88 (per cent)
No	297	9
Don't know	96	3

3. Are there any proposed amendments to the Indiana state constitution to be voted on in this coming election?

Yes	1,650	50 (per cent)
No	411	13
Don't know	1,218	37

4. Have you heard anything in political speeches pertaining to any proposed amendments?

Yes	654	20 (per cent)
No	2,202	67
Don't know	423	13

5. Have you read anything in newspapers pertaining to any proposed amendments?

Yes	1,047	32 (per cent)
No	1,809	55
Don't know	423	13

6. If proposed amendments are to be voted upon this November, have they as yet passed the General Assembly?

Yes	705	22 (per cent)
No	651	19
Don't know	1,923	59

7. If there are any proposed amendments, how many are there?

None	237	7 (per cent)
One	318	10
Two	657	20
Three	36	1
Four	6	0.2
Don't know	2,025	62

8. If there are any proposed amendments, what are they?

Don't know	2,091	64 (per cent)
Income Tax	321	10
Lawyers	45	1
Both	399	12
Miscellaneous	426	13

The number of perfect papers was 237, or 7 per cent of the total.

Dr. Malan's observations and conclusions follow:

Certain classes of people show a lack of interest in voting. Newspapers and periodicals, as well as speakers can do much to change this condition; but business men, labor unions, Chambers of Commerce, and service clubs are in position to aid also. Last, but not least, our high schools and higher institutions should inspire interest in government. Otherwise our school system is failing in its main objective, that of making good citizens.

Only a very small percentage of our people, regardless of age or occupation, know how our fundamental law is enacted, nor do they have much information on how our government functions. Clearly, the only institution capable of handling this problem is the school. This calls for more extensive and practical courses in the study of government in our higher institutions of learning.

A great majority of the people show a lack of information concerning our current governmental problems in the solution of which they are to aid. It was not enough for the voters of Indiana to know that there were two amendments to be voted upon and to be able to name the two amendments, for one might know these facts and yet not be able to vote intelligently. The voter needs to know more than mere statements of fact. Many organizations—business concerns, labor unions, service and professional clubs—could help to develop such intelligence. It has been urged that citizenship means privilege and opportunity, and that every voter should discharge in an intelligent manner the high privilege which is his, but the facts remain, that unless information is made easy to secure and easy to understand, the average voter will remain ignorant.

It may be said in conclusion that many requests for enlightenment have been received from different sections in the state from those who were interviewed. Nearly all who were interviewed seemed to have become very much interested. Seventy-five per cent of those who did not know, asked for information or where information could be found. Most of them seemed surprised, embarrassed, and deplored their lack of information. Less than 2 per cent refused to give the information desired. Many suggested, after they had filled out the questionnaire, that they were ignorant and were going to find out how much their neighbors, their friends, and relatives knew.

The study warrants the statement that the people in a democracy will vote intelligently when informed. Responsibility for the dissemination of this information rests upon those agencies which have the privilege of molding public opinion.

Citizen Responsibility Under the Manager Plan

Without organization the friends of good government are no match for professional politicians

BY CLIFTON E. HICKOK

Former City Manager, Alameda, California

BECAUSE the newest type of municipal government is designated as "the city manager form of government" there is created in the mind of the layman the impression that the city manager himself is the most important feature of the scheme. The importance of the city council far transcends that of the city manager, and the latter should be considered, and he should so consider himself at all times, as merely a chief subordinate, appointed to carry out the policies of the city council, subject to the provisions of the charter. However, neither the city manager nor the city council is the most important requisite for the success of the manager form. The paramount requisite is a strong militant organization of progressive and alert citizens, determined first to secure the adoption of a city manager charter, and then to protect what has been won against the inevitable attacks of politicians.

It has been the invariable experience that the old political bosses and their organizations bitterly resist the adoption of the new charter. If the charter is adopted in spite of their opposition, the next step in their strategy of attack is an attempt to elect representatives to the first city council, in order to control the appointment of the city manager and subordinates, and by covert methods to bring discredit, without delay, upon the city manager form of government. Failing in this initial attempt to control the city council, they lay their plans and prepare their ammunition far in advance of every succeeding election, and though they may suffer temporary defeat, they never lose hope nor lack for support from certain quarters. As a consequence of these ever-present malcontents, ably led by experienced and determined political chiefs, the day almost invariably arrives when the better element of the citizenry is caught in temporary apathy. They may awaken to find, to their dismay, that the government is in the hands of the enemies of the city manager plan. There then follows the appointment of a manager who is amenable to political control, with a resultant prostitution of the principles and ideals of the city manager form. This will lead, unless corrective measures are taken, to the abandonment of the plan by the disgusted voters. And so the objective of the politicians is attained.

The reaction of certain political elements is as precise and inevitable as the reaction which occurs when certain chemical elements are combined in a laboratory experiment. The only successful way to combat it is to introduce the reagent necessary to bring the desirable result, namely, a strong civic organization of alert, ably led citizens who are determined to ward off attacks from professional politicians, and to preserve good government.

Thomas Jefferson's immortal phrase: "Eternal vigilance is the price of liberty" might well be paraphrased to "Eternal vigilance is the price of good government." This vigilance can only be made operative and effective through collective and organized action. The age-old military axiom: "Divide your enemies and then defeat them" is as applicable to the operation of public affairs as it is to the conduct of war. And no one appreciates this particular bit of military strategy better than do the political chieftains. Without organization, the friends of good government are no match for professional politicians.

THE MANAGER DEPENDENT UPON OTHERS

It is true that the city manager is the outstanding figurehead, and that unless he is properly selected the government will fail. But the proper city manager cannot be selected and he cannot function effectively, unless certain progressive and essential steps have been taken leading to his selection. The degree of importance increases from the city manager, through the city council, to the people, as embodied in a strong civic organization, dedicated to the ideals of good government. Without this organization, a good city council cannot be selected, and without a good city council the proper city manager will not be appointed, nor properly supported, and until this self-evident truth is realized and acted upon by the friends of good government, the city manager form will be in constant hazard. The real danger period arrives after the city manager has been functioning successfully for a few years, and the citizens are lulled into a feeling of security and fail to exercise their duties at the polls. For this reason a virile organization must be maintained and kept functioning year in and year out, to galvanize the citizens into action when necessary to prevent the professional politicians from gradually regaining control of municipal affairs.

Every city manager of experience is familiar with the innumerable methods of attacks practiced by the old political organizations. Motivated by the desire for privilege and patronage, they use every method from political sniping to mass attacks. False issues are raised; minor mistakes are pounced upon and magnified; political sabotage is practiced; attempts are made to disturb the morale and discipline of city departments, and constant efforts are maintained in a hundred ways to prevent a successful operation of the government. The city manager himself is prevented by the prohibitions of the charter, and by the ethics of his profession, from entering into political combat with these disturbing groups. Moreover, often a city manager is confronted with a condition where one or more members of his city council are unfriendly to the form of government, and from their vantage point on the legislative body, they are able to interfere seriously with the successful operation of the government.

It is to combat these conditions, and to support the city manager in the maintenance of an efficient government, that a strong civic organization is imperative. The people must be brought to a realization that good government, once achieved, does not of necessity continue, unless eternal vigilance is exercised to protect it from attack. This vigilance can function through a strong, militant, permanent organization of determined citizens.

My Town—What Can I Do to Boost Its Credit?

Prize-winning essay in National Municipal League's high school contest

ROSE E. SMITH

Newtown High School, New York

THIS conversation took place between two high school students, Arthur and Anne, and their friend, Mr. Richard Craig.

"Why Anne and Arthur what brings you here this afternoon?"

"Oh Mr. Craig! Today in school, one of our teachers asked us to prepare a discussion on "My Town—What Can I Do to Boost Its Credit?" Arthur and I simply can't think of even one way, so we hoped you could help us. Have you any ideas that would be practical? There are ever so many theories we might suggest but we decided that we wanted to present a workable idea."

"Well, that is a large order, but I should say there is really only one practical course open to you as high school students. I can tell you that in one word—organize."

"But, Mr. Craig, what good will that do? I can't see what organization has to do with boosting our city's credit!"

"Oh, Arthur, just think! If your school alone bands together, you would have an active group of students numbering over eight thousand. Each student would come into close contact with at least three voters. Multiply the total registration of New York's high schools by three, and you will get a conservative estimate of the number of voters who would be reached by your campaign against civic listlessness. Once the citizens were lifted out of this slough of indifference, the reaction which follows would bring forward a demand for the reëstablishment of not only financial credit but the credit which is municipal prestige."

"I see what you mean, Mr. Craig! We ought to organize like a political party with a platform and organized activities!"

"You've grasped it perfectly, Anne. Now, Arthur, I can see what your next question is going to be, so I'll answer before it is asked. You, of course, have to reach the students and interest them enough to have carried into their homes the principles of your organization. I think that will be fairly easy. Already the students themselves have felt the disadvantages which grow out of the gross mismanagement of municipal affairs by incompetent officials or a political machine. Then too, everyone likes to feel that he or she belongs to a society which is striving for a cause—especially when that cause implies reform.

Here is a possible platform for your organization, but of course it will need revision and additions to make it complete. However, it will do for a start.

1. Organize an aroused public opinion. That is the only effective weapon against a political machine.

2. Aim to centralize authority in

government agents directly responsible to the citizens.

3. Bring the city departments, their equipment, and personnel up to date. That a department or departmental routine has been in existence for fifty to one hundred years does not necessarily indicate that it is efficient or even useful. Care must be exercised in cutting down the various branches of the government. There should be no false economy, nor should economy be carried to the point where efficiency is destroyed.

4. Aim to equalize the educational advantages for all the children of the municipality. With so large a proportion of expenditures going into the field of education, our educational system should more closely approximate the ideal.

5. Consolidate our many courts. One of our largest channels of loss is in our municipal courts. When justice is mismanaged, time, money, and convictions are lost—we must stop that loss!

6. Let New York take advantage of the financial assistance and coöperation proffered by the federal government."

"But, Mr. Craig, how can we reach all the students to let them know what we are trying to do?"

"Well, Arthur, in your school there are several teachers sufficiently interested in civic welfare to act as faculty advisers for your organization. Your principal would certainly give you his whole-hearted support, and help launch the campaign. An assembly each month might be devoted to student discussion of current civic problems and the steps taken by other communities to surmount similar difficulties. The extra-curricular activities are many and varied, and the school clubs might agree to turn over half of one meeting each month to discussion by the members of city-wide developments. This would be only the beginning of an ever-growing interest which would be built up among the students, and be carried by them into their homes.

You see what an organization could do once it started. It would give us, the future voters, a conception of the necessity for reëstablishing the credit of the city, to prevent the children of the future from facing a similar crisis. It is not fair for the voters of today to make the problems, the solutions of which are left to us to cope with as best we may. Therefore the demand for honest, efficient administration of public affairs must be brought before these blind, careless electors who have brought us where we are today—in a hole!

Since this *status quo* of municipal affairs has been arrived at after many years of indifference by the electorate to what has been going on, it stands to reason that a cure cannot be effected over a period of a few months. But by arousing our present voters to such a pitch that they will demand that a scientific supervision of city affairs take the place of the old slack mode of what is everybody's business is nobody's business, we will insure for the future a stability in municipal and private business relations which will command the respect not only of the citizens of our city but of the citizens of the world, and *this respect means credit!*"

My Town—What Can I Do to Boost Its Credit?

Prize-winning essay in National Municipal League's university student contest

LEON S. SMELO *University of Pennsylvania*

AMERICA has 175,000 varied municipalities. Each has its peculiar civic status; no two correspond in the nature of their financial problems, in the magnitude of their resources and liabilities, and in the capacity and integrity of their administrations. For me, the individual citizen, the boosting of my town's credit is a question which in its broadest sense goes far beyond these local differences. Further, it transcends any sporadic demand for retrenchment, for more economy, and for greater efficiency in the face of some drastic financial crisis which must be met. Wherever my town may be, whatever the strength of its financial structure, the improvement of its credit in the ultimate analysis rests squarely upon an enlightened interest and an intelligent participation by the general citizenry in local government. No corruption and waste, no degeneration of credit, no municipal default has ever come to that town whose citizens were truly aware of the vital necessity to them of local governmental services, were keenly alert to the tremendous difficulties confronting their elected officials, and were sincerely eager to do their part in shouldering and solving these municipal problems. To promote this character of citizenship by personal example and through the use of my influence is what I can best do to boost the credit of my town.

Citizens of such stamp must surely recognize that the intricacies of municipal administration—with all its diverse services, complex personnel, social aspects, and involved finances—demand a staff of directors and employees of special training and experience. Such a group of citizens will inevitably choose representatives possessed of the capacity, the honesty, and the vision to map out the broad policies to be followed by the underlying administrative departments, without dictating the manner of execution. In short, from an alert, "government-minded" electorate there must come a municipal administration responsive to public wishes and functioning at a high pitch of efficiency. What banker would refuse to lend funds to a town so managed?

There, at least, a passing depression would find no hysterical clamor for a reckless slashing of budgets to the point of abandonment of all the scientific, social, and educational enterprises of government. Such destructive economy might prevent default but it does not enhance credit. That town would clearly see that municipal and private credit alike are based upon a demonstrated administrative efficiency which has proved its power to adequately meet all present and future obligations. There, one would note in times of prosperity a policy which built up credit reserves in anticipation of possible need and emergency, not a heedless extravagance which committed 50 or 60 per cent of expected future income to the payment of debt. And true government efficiency would be valued at its full worth, not overlooked while a few mistakes paraded the headlines. Clearly enough, such a town would enjoy the highest credit rating.

Far more vital, however, would be sharp appreciation of the fact, by both officials and voters, that all municipal funds, and consquently all municipal credit, have their source in the ability and in the willingness of each inhabitant to pay his tax bill. No matter how well and honestly managed a government may be, it cannot go on, it must fail, if there be no revenue forthcoming from those whom it serves. In the words of Glenn Frank, "the staggering deficits that have confronted local, state, and national governments since the collapse of 1929 have been due less to the rise in the cost of public services than to the drop in the public income." Fundamentally, then, the credit of a town springs from the work and wages of its people. There can be no separation of public welfare and municipal credit. In the last analysis, that city administration whose sincere purpose is the promotion of widespread social and economic betterment will do most to establish an enduring and impregnable municipal credit.

President Roosevelt told his Dutchess County neighbors:

"The greater part of government, as it affects your daily lives and mine, is your local government.

The opportunity in this field of local government for improvement, for a betterment that will be felt in your lives, is just as great as it is in Washington."

The fulfillment of this local opportunity is what can best be done to boost the credit—and the happiness—of my town. And this opportunity can only be fulfilled through an enlightened interest and an intelligent participation in government by me and by my fellow townsmen.

In practical terms, it is for me and others of like persuasion to band together in fostering the spirit and quality of good government. We must stimulate a community "government-mindedness" through the many agencies and with all the vigor at our disposal. The local press, the district schools, the town library, authoritative guest speakers, debates, and radio addresses must all be actively and properly utilized to bring social and political problems forcefully before our people. Beyond dispute, we have at hand the means to produce an electorate at once intelligent, vibrant to public questions, and truly eager for good, honest, representative government. It is for me and for my fellow citizens to do our full share in giving our town that type of electorate. In direct measure as we succeed its credit will go up and all of its humanitarian standards will rise.

The Worries of 1500 City Officials

New sources of revenue and financial administration problems turn hair of city fathers gray these days

HAROLD I. BAUMES

Municipal Reference Bureau, League of Virginia Municipalities

If all municipal officials had the opportunity to request freely any information they desired to assist them in solving administrative difficulties, an analysis of the information provided would give a fair comprehensive indication of what the problems of municipal officials today really are. This opportunity is actually provided in Virginia through the Municipal Reference Bureau of the League of Virginia Municipalities of whose facilities an increased use is made each year. One of the delegates from the United States to the International Congress of Local Authorities in London last year remarked upon his return: "We were surprised to find that the problems of Alexandria, Egypt, were practically the same as those of Alexandria, Virginia." Authorities seem to be agreed that municipal problems are similar the world over. With this in mind it was thought that an analysis of the relative importance of questions raised by officials as gauged by the number of times information was transmitted from this office in Virginia might be a fairly accurate indication of the relative importance of various administrative problems in other states. Such an analysis should show also the relative need for assistance from established research agencies which have the confidence and coöperation of their officials. It should be explained at the outset that the Municipal Reference Bureau is the instrument of the officials themselves and since it is supported and directed by them, it is entirely natural that free use is made of its facilities upon occasion.

Much has been written and said about unemployment relief and tax delinquency during the past two years for the very obvious reason that these questions have been of paramount importance in every city, town, village, and borough. However, because of their prominence in current publications one may erroneously gain the impression that these problems preclude all others or make the others insignificant. The records of the Municipal Reference Bureau show conclusively that this is not so. As a matter of fact, of all the information sent out during the year ending February 1, 1933, neither of these subjects ranked first as far as the frequency of their occurrence was concerned although both held prominent places.

During those twelve months, 1,512 pieces of information were mailed or telephoned from the Bureau, most of them at the request of a city or town official. Of this number, 248 or 16 per cent, concerned the subject of license taxes. Information was requested on this subject more frequently than on any other. Problems most frequently occurring, listed in the order of the number of requests received, were as follows:

	Per cent
License taxes	16.4
Municipal finance	13.9
Miscellaneous information	10.9
League services	9.7
Personnel training facilities	9.3
Unemployment relief	9.0
Utility regulation and management	8.6
Salaries	4.1
State legislation affecting municipalities	4.0
Charters and ordinances	3.4
Police administration	2.3
Inspectional services	2.0
Legal opinions	1.8
Problem of organization and administration	1.6
Planning and zoning	1.2
Refuse collection and disposal	1.1
Traffic control	0.7

LICENSE TAXES

Virginia municipalities, in keeping with the practice of those in many other southern states, secure a substantial revenue annually from various kinds of license taxes including business and occupation taxes, and during this period of rapidly changing financial conditions and constant clamoring for reduced taxes, naturally more than usual consideration has been given to license taxes not only as an important source of revenue but as to more equitable assessment as well. Questions on license taxes vary from a request for the amount assessed on one source in a certain municipality to a request for comparative analyses of entire license tax codes for several municipalities.

It may be contended by some that this question of license taxes has indirectly a bearing on unemployment and tax delinquency as do some of the other problems listed above. To the extent that additional revenue is secured as a result of the inquiries received and changes made in the license codes this may be true, but the nature of the questions also indicates a more critical analysis of the whole subject of license tax administration including interpretation of laws and ordinances, model license forms, and equitable assessments in keeping with an apparent desire to improve public administration generally.

INTEREST IN FINANCES

The next problem most frequently challenging municipal officials concerns financial administration and includes such phases of the subject as per capita indebtedness, bond retirements, interest rates, tax rates, tax delinquency, appropriations, sources of revenue, and practically all conceivable component parts of the whole subject of the financial administration of cities and towns.

While most Virginia cities have developed a fairly standard budgetary system which has been in use for several years, not infrequently counsel is sought concerning improved budget forms and budgetary accounting procedure. Emphasis is placed also on the proper and equitable allocation of tax money, a considerable amount of material being prepared showing various operation costs. Requests for purchasing information have been rather numerous during the past year and indicate a growing realization on the part of officials of the importance of scientific purchasing of materials, supplies, and services. Prices paid for various products are mailed upon request to city and town officials and the focusing of attention on this important municipal function has led to the inauguration by the League of Virginia Municipalities of a purchasing information service similar to that which has been extended so successfully in New York State.

Complete information and consulting service is available to any officials who may desire to establish a centralized purchasing division or to improve their purchasing procedure in other ways.

The third subject in the list above embraces numerous miscellaneous problems many of which are of the utmost importance but none of which occur frequently. They vary from technical phases of jail construction to the advisability of painting the inside of water towers, from stream pollution to the management of airports, and from office hours to slaughter houses.

SERVICE AND PERSONNEL

Another problem most frequently confronted concerns the activities and services of the League of Virginia Municipalities and includes such questions as services rendered, committee reports, membership data and the usual questions involved in the operation of an active organization. The next subject, personnel training, is somewhat analogous, but merits separate analysis because of the volume of information transmitted during the first year personnel training was undertaken on a state-wide scale for municipal officials. Policemen were the first group to which the training facilities were extended but mature plans have also been made for fire training schools and preliminary consideration has been given to other training schools for various classes of the personnel. These schools have attracted the attention and whole-hearted support of the officials from the start and have been encouraging to those who look forward to an era of expertly equipped municipal personnel. If the training facilities are made available through the municipal employees themselves and not superimposed upon them, much benefit will be derived from them.

Unemployment appears sixth on the list and as expected, occupies an important place in the array of challenging problems. The information requested covers many phases of relief work but most numerous are such questions as relief standards, family budgets, public and private appropriations, and the organization of relief agencies. Numerous requests were also received for advice and assistance in qualifying for and receiving Reconstruction Finance Corporation funds to supplement local relief activities. Many administrative problems arise in this connection requiring knowledge of the experience of other political units and technical recommendations and assistance. The proper handling of this activity has meant much to thousands of people who for the first time in their lives have been forced by circumstances beyond their control, to accept public assistance. It has been perhaps the one problem above all others which has required immediate solution to avert actual disaster and perhaps the destruction of the very foundations of democracy.

The next problem of significance confronting our officials concerns utilities and is of ever-increasing importance during this period when citizens and officials alike are expressing themselves in favor of more adequate regulation of utility services and rates. The need for decreasing municipal costs has brought to light a similar need for lower utility rates with substantial savings to consumers who are also our taxpayers. Officials are realizing the importance of economies in utility services which have come to be so essential to modern life and are actively protecting the public interest, often working at serious disadvantages because of inadequate state legislation or lax regulatory activity on the part of public service bodies. Greater emphasis is also placed on the proper drawing of franchises to protect the interests of the municipality.

Space will not permit a detailed explanation of the significance of the other problems frequently confronting municipal officials. Each of the remaining ones in the list above comprised less than 5 per cent of the total requests received for information or technical assistance but nevertheless they recurred frequently and are a matter of great concern. Attention should be directed, however, to the fact that charter changes are often made during the biennial state legislative sessions and copies of city charters and codes of ordinances are often requested by municipalities contemplating constructive changes. Complete information of this character is maintained at League headquarters and technical assistance is provided in the drawing of new charters and in the revamping of old ones. Perhaps not as many questions of this kind are received as would be expected, because of the similarity of many council-manager charters in Virginia cities. These are found in well over one half of the cities. Assistance is given also in numerous instances in drawing ordinances to cover a new situation or problem.

An analysis of the services requested by Virginia officials during the past year indicates that they have been confronted with many new problems which they either have never dealt with before or which have now reached such magnitude that a more intensive study is necessary than it is possible for any official to give and perform his routine duties simultaneously. This appears to be a natural result of the trying period through which we are passing. At the same time, however, increasing emphasis is being directed to the administration of established functions of government more efficiently and more economically. Indeed, it is probably true that citizens are now getting a better governmental service and more for their tax dollar than ever before. It is this that has caused taxpayers recently to recognize that of all businesses and activities, government is most indispensable and necessary to their happiness and welfare.

Undoubtedly many states will find that their municipal officials are perplexed with much the same administrative questions as have just been enumerated; municipal problems are similar the world over. The conclusion has been adequately substantiated in Virginia that officials are conscientiously, and, in many cases, heroically striving to administer municipal affairs efficiently, economically, and to the best interests of the electorate. They will study the experience of their colleagues under similar circumstances and they will coöperate in a constructive endeavor to improve public administration and to bring it to a high plane of efficiency. They have been the target of destructive criticism in many instances and the taunts of those who would place profit before service, but they have in most instances faced the problems of administration fairly and are eager to secure accurate facts and competent assistance from respected sources whether it be through a coöperative organization like a League of Municipalities or from other organizations with worthy objectives and employing constructive practices.

These are the vital problems confronting municipal administrators today. The constructive approach to challenging questions through technical and professional organizations of officials themselves can do much to promote the best interests of our citizens.

Annual Appraisal of Municipal Reports

Berkeley, Cal., heads list with rating of 95; Cincinnati and Wichita next

BY CLARENCE E. RIDLEY

The University of Chicago

The year 1933 brought forth a total of thirteen municipal reports considered worthy of reviewing in this journal as compared with ten in 1932. The cities with brief comments on their reports follow:

Berkeley, California. (82,109) 70 pp. Rating 95. This report has about everything a model report should have—attractiveness, well chosen illustrations, and an informative letter of transmittal which emphasizes important facts. The number of employees and total expenditures are given at the beginning of each departmental report. Length and lateness in appearing prevent an almost perfect report.

Cincinnati, Ohio. (451,160) 64 pp. Rating 93. Unique in the character of its charts, maps, and pictures, and their distribution throughout the report. Commendable also are the letter of transmittal and the impressive manner of presenting the outstanding accomplishments.

Wichita, Kansas. (111,110) 70 pp. Rating 92. A very attractive report. Exception must be taken with its length and the omission of a letter of transmittal. Commendable are its charts and well-chosen pictures. A change of type emphasizes the important facts.

Albert Lea, Minnesota. (10,169) 24 pp. Rating 91. Although of vest-pocket size this report presents practically all the facts regarding the city government about which a normal citizen would be interested. Several pictures depicting city activities and a few charts indicating trends in fire, health, police, and similar activities, add to its attractiveness. It is unique in that it was distributed two weeks after the close of the period covered.

Austin, Texas. (53,120) 74 pp. Rating 89. Rates high in physical make-up, only fair in illustrative material, too long, and low on comparative statistics.

Auburn, Maine. (18,571) 44 pp. Rating 88. In general a good report but is weak on physical make-up and only fair on charts and pictures; yet it rates fairly high on composition.

Lexington, Kentucky. (45,736) 38 pp. Rating 86. Main criticism is its shortage of illustrative material, but rates high on physical make-up and content.

Two Rivers, Wisconsin. (10,264) 52 pp. Rating 85. Came out more than five months after the end of the period covered, is a bit weak on comparative statistics but otherwise a very commendable report.

Kenosha, Wisconsin. (50,262) 114 pp. Rating 83. General make-up and illustrative material good, much too long and very late in getting published—five months after end of period covered.

Milwaukee, Wisconsin. (578,249) 165 pp. Rating 83. Only serious criticisms of this report are its length and the omission of an administrative organization chart. Otherwise this report is one of the best of the year.

Fort Atkinson, Wisconsin. (5,793) 40 pp. Rating 81. Main criticism is lateness in appearance—more than ten months after end of period covered. It fails to emphasize important facts adequately and is a bit weak on comparative data, otherwise a good report.

Oregon City, Oregon. (5,761) 51 pp. Rating 77. This is a good report except that it does not emphasize important facts and is very deficient on illustrative material.

Tucson, Arizona. (32,506) 46 pp. Rating 69. Main criticisms are lateness in appearance—nearly eight months after the end of period covered, omission of illustrative material, table of contents, and organization chart. In other respects it is quite commendable.

WORTHY OF MENTION

Reports issued by cities other than those named above and worthy of mention include: Alliance, Nebraska; Atchison, Kansas; Brewer, Belfast, and Bangor, Maine; Carlisle and Northampton, Pennsylvania; East Cleveland, Ohio; Kenilworth and Winnetka, Illinois; Tallahassee, Florida; and Rhinelander, Wisconsin.

TABLE I

COMPARATIVE RATINGS OF MUNICIPAL REPORTS

Explanation.—The number "5" denotes approach to an acceptable standard, while "0" indicates the value on that particular criterion to be practically negligible. Intervening numbers denote the degree of variation between these two extremes. A total of 100 would indicate a perfect score.

Criteria	Albert Lea, Minnesota	Auburn, Maine	Austin, Texas	Berkeley, California	Cincinnati, Ohio	Ft. Atkinson, Wisconsin	Kenosha, Wisconsin	Lexington, Kentucky	Milwaukee, Wisconsin	Oregon City, Oregon	Tucson, Arizona	Two Rivers, Wisconsin	Wichita, Kansas
I. Date of Publication													
1. Promptness	5	4	4	3	3	0	1	4	3	3	0	1	4
II. Physical Make-up													
2. Size	4	5	5	5	5	5	5	5	5	5	5	5	5
3. Paper and type	4	4	5	5	5	5	5	4	5	4	5	5	5
4. Important facts	4	3	4	5	4	2	3	4	3	2	3	4	5
5. Attractiveness	3	4	5	5	5	4	4	4	5	4	4	4	5
III. Content													
A. Illustrative Material													
6. Diagrams and charts	5	4	4	5	5	4	4	2	5	2	4	4	5
7. Maps and pictures	5	4	4	5	5	3	4	4	5	3	0	4	5
8. Distribution	5	5	5	5	5	5	5	5	5	5	5	5	5
B. Composition													
9. Table of contents	5	5	5	5	5	5	5	5	5	5	0	5	5
10. Organization chart	5	5	5	5	5	5	5	5	0	5	0	5	5
11. Letter of transmittal	5	4	4	5	5	4	4	4	5	3	4	4	3
12. Recommendations and accomplishments	4	4	4	5	5	4	4	4	5	2	4	4	4
13. Length	5	5	4	4	4	5	2	5	0	4	5	4	4
14. Literary style	5	5	5	5	5	5	5	5	5	5	5	4	5
15. Arrangement	5	5	5	5	5	5	5	4	5	3	4	5	5
16. Balanced content	5	5	5	5	5	5	5	5	5	5	4	5	5
17. Statistics	4	4	3	4	4	3	4	4	4	4	4	3	4
18. Comparative data	4	4	4	5	4	3	4	4	4	4	4	5	4
19. Financial statements	4	4	4	4	4	4	4	4	4	4	4	4	4
20. Propaganda	5	5	5	5	5	5	5	5	5	5	5	5	5
Totals	91	88	89	95	93	81	83	86	83	77	69	85	92

BASES OF APPRAISAL

The twenty criteria upon which the grading of these twelve reports was based are:

I. DATE OF PUBLICATION

1. *Promptness.*—The report will have little value unless published soon after the end of the period covered—six weeks as a maximum.

II. PHYSICAL MAKE-UP

2. *Size.*—Convenient for reading and filing, preferably 6" x 9".

3. *Paper and type.*—Paper should be of such a grade and the type of such size and character as to be easily read.

4. *Important facts.*—The more important facts should be emphasized by change of type or by artistic presentation.

5. *Attractiveness.*—The cover, title, introduction, and general appearance should aim to attract the reader and encourage further examination.

III. CONTENT

A. *Illustrative Material*

6. *Diagrams and charts.*—Certain established rules should be followed to insure an accurate and effective presentation.

7. *Maps and pictures.*—A few well-chosen maps to indicate certain improvements, and a liberal supply of pictures, pertinent to the report, should be included.

8. *Distribution.*—Great care should be exercised in placing the illustrative material contiguous to the relevant reading material.

B. *Composition*

9. *Table of contents.*—A short table of contents in the front of the report is a great aid for ready reference.

10. *Organization chart.*—An organization chart or table indicating the services rendered by each unit, if placed in the front of the report, will help the reader to a clearer understanding of what follows.

11. *Letter of transmittal.*—A short letter of transmittal which either contains or is followed by a summary of outstanding accomplishments and recommendations for the future should open the report.

12. *Recommendations and accomplishments.*—A comparison of past recommendations with the progress toward their execution will serve as an index to the year's achievements.

13. *Length.*—Fifty pages should be the maximum length.

14. *Literary style.*—The text should be clear and concise, reflecting proper attention to grammar, sentence structure, and diction.

15. *Arrangement.*—The report of the various governmental units should correlate with the organization structure, or follow some other logical arrangement.

16. *Balanced content.*—The material should show a complete picture, and each activity should occupy space in proportion to its relative importance.

17. *Statistics.*—Certain statistics must be included, but wherever appropriate, they should be supplemented by simple diagrams or charts.

18. *Comparative data.*—The present year's accomplishments should be compared with those of previous years, but only with full consideration of all factors involved.

19. *Financial statements.*—Three or four financial statements should be included, showing amount expended and the means of financing each function and organization unit.

20. *Propaganda.*—It is unethical and in poor taste to include material for departmental or personal aggrandizement. Photographs of officials, especially of administrators, seem out of place in a public report.

COMPARISON WITH PREVIOUS YEARS

A few cities have shown quite a consistent improvement during the last several years as is shown by Table II.

TABLE II

City	1928	1929	1930	1931	1932	1933
Austin, Texas	54	65	81	82	88	89
Auburn, Maine			72	69	88	89
Cincinnati, Ohio	83	87	89	89	93	93
Kenosha, Wisconsin	79	68	79	79	79	83
Two Rivers, Wisconsin	67	78	84	86	92	85
Wichita, Kansas			68	72	92	92
Average Rating	71	74	79	80	89	89

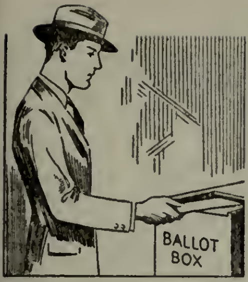
Table III below compares the appraisal of all municipal reports reviewed in these columns for the past seven years according to certain characteristics.

TABLE III

	1927	1928	1929	1930	1931	1932	1933
Number of Reports Reviewed	12	17	20	16	14	10	13
Average Length (pages)	90	78	90	60	72	75	66
Promptness in Issuing Report (in months)	4.5	3.7	4.7	4.1	3.7	3.2	4.1
Physical Make-up (per cent)	78	78	82	86	81	82	87
Illustrative Material (per cent)	62	58	65	74	74	83	87
Composition (per cent)	64	66	72	79	85	89	87

From the data herein we learn that while the length of the reports tends to be more brief, their physical make-up more attractive and illustrative material of better quality, these favorable factors are offset in part by a lack of promptness in publication, and a noticeable decline in composition.

Admittedly the annual report is only one means of keeping the public informed and it may not be the most effective at that. It is true, however, that the officials of most cities issue no type of report of value to the general public and this gross failure accounts in a large measure for the unjust criticism of the public official during recent years.



PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

Continuing the Proportional Representation Review

Sixteen Years of P. R. in Boulder

BY DON C. SOWERS

Secretary of the Bureau of Business and Government Research at the University of Colorado and Secretary-Treasurer of the Colorado Municipal League

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This article, though prepared primarily for local consumption, should be of interest to students of proportional representation everywhere, both because of its evidence of the value of the principle in controversial situations and because of those aspects of Boulder's experience which suggest a somewhat different method of application. We have kept the introductory paragraphs as a good summary statement on the history of the P. R. movement.—Editor's Note.

The Hare system of proportional representation was devised by an Englishman, Thomas Hare, a barrister of London who published in 1857 a pamphlet explaining proportional representation with the single transferable vote and advocating its use. Various refinements and improvements have since been made. In 1867 John Stuart Mill, the noted English economist, spoke in favor of the adoption of the system in the House of Commons. Among the supporters of the movement in the United States have been such men as John R. Commons, William Dudley Foulke, Charles Francis Adams, Alfred Cridge, A. R. Hatton and others.

Proportional representation has been used with satisfying results over a period of years for the election of municipal councils in the United States, Canada, Ireland, New Zealand, and in hundreds of municipalities in the countries of Northern and Western Europe. In the Irish Free State it is used for all important elections. In the countries of Northern Europe the principle is used almost universally in parliamentary elections[1] and public elections, although the particular methods used in these countries give less freedom of choice to the individual voter than the Hare system, which is favored in English speaking countries. All school boards throughout Scotland use it.

Ashtabula, Ohio, was the first city in the United States to adopt P. R. for public elections in 1915. Boulder was the second American city to adopt it and today enjoys the distinction of having had the system in operation longer than any other American city. Kalamazoo, Michigan, and Sacramento adopted P. R. and retained it until it was declared unconstitutional by the courts. West Hartford, Connecticut, used it in 1921 and 1922 until the legislature passed a law prohibiting its use in municipal elections. It was used for 5 elections in Cleveland until the recent close defeat of the city manager plan in that city. It has been used with strikingly beneficial results in Cincinnati in the last four municipal elections. Civic leaders give the Hare system full credit for the overthrow of the notorious political machine in that city and for the maintenance of the forces of good government in power. Hamilton, Ohio, adopted the plan in 1926 and has successfully defended three attacks against it made by dispossessed politicians. At present Boulder, Cincinnati and Hamilton are the only American cities having the system in operation. It is being seriously considered in New York City, Pittsburgh, Cleveland, Portland, Oregon, and Seattle.

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[1] Except that it has recently been abolished by the Nazi dictatorship in Germany. See the editorial in this department for August, 1933.—Ed.

What It Is

Proportional representation is a method of electing public bodies which gives every group of like-minded voters the same share of members elected that it has of the votes cast. It insures majority rule and minority representation. Each voter is given a single transferable vote; he can express alternative choices so that his vote will not be wasted on a candidate who does not need it or cannot use it.

The Hare System in Boulder

The Hare system has been used in Boulder since 1917, a period of sixteen years. Three councilmen are elected every two years for six-year terms. The first three elections, 1917, 1919, and 1921, were practically devoid of issues. Preferences were based upon persons rather than programs.

In 1923, opposition to the operation of the city manager plan of government crystallized in a charter amendment to return to the old mayor-council form of government and to abolish the Hare system. At a special election held on April 10, 1923, the manager plan and the Hare system were decisively sustained. The vote for the amendment was 1,340. Against the amendment, 2,730. Nineteen ballots were void.

At the November election of that year there was a clear partisan alignment among the candidates. Two candidates represented the opposition to the charter and three candidates represented the charter supporters. The anti-charter candidates received 42 per cent of the valid first choices and the charter supporters' candidates received 58 per cent. The former group elected one councilman and the latter two councilmen, thus giving each group representation on the council in proportion to their strength.

In the election of November 1925 this amendment, defeated in April 1923, was again proposed and again defeated. The vote was 1,284 in favor and 1,709 against.

The third attempt to abolish the Hare system was made in November 1933, and the proposition was again decisively defeated. The vote was 1,216 in favor and 1,776 against or practically the same as the vote in 1925.

In 1923, Walter J. Millard of the Proportional Representation League was sent to Boulder by his organization to do such educational work on the Hare system as opportunity might allow. In 1933 friends of the charter and supporters of the Hare system invited George Hallett, Jr., of the Proportional Representation League to come to Boulder for the purpose of explaining the system to the voters. This was done because the friends of the system were too busy and too inexperienced in conducting educational campaigns to undertake the task. As a result of this educational work many good citizens who had come to harbor doubts as to the value of the system were again convinced of its merits.

Spoiled Ballots

Perhaps the most common objection raised against the operation of the Hare system in Boulder is the large percentage of invalid ballots. The most common errors are those of marking a cross before each of three names and of marking the numeral one before each of three names.

An analysis of all the elections for councilmen since the system has been in operation, with respect to the number of spoiled ballots shows great variations. It was not possible in every case to separate the number of spoiled ballots from the blank ballots. This information is available for the years 1925 and 1933. In 1925 the percentage of spoiled ballots was 6.42. In 1933 the percentage was 10.90. These percentages compare favorably with the experience of other American cities with the Hare system, in which the invalid ballots amount to from 2.4 to 10.9 per cent. . . .

The table indicates that the voters have at several elections used the Hare system quite successfully as shown by the small percentage of invalid ballots. The large percentage of invalid ballots in 1919, 1923, and 1929 may possibly be explained on the theory that either a deliberate attempt was made by some voters to discredit the system or that the voters become confused when a large number of amendments or special issues are presented. In 1925 the election judges stated

Total Votes, Spoiled and Blank Votes and Per Cent of Votes Spoiled and Blank at Councilmanic Elections

Date	Total Votes	Spoiled Votes	Blank Votes	Total Spoiled and Blank	Per Cent Spoiled and Blank	Per Cent Spoiled Only
December, 1917						
For 2 year term	859			56	6.51	
For 4 year term	859			63	7.33	
For 6 year term	859			58	6.75	
November, 1919	1,165			275	23.69	
November, 1921	838			73	8.71	
November, 1923	1,995			378	18.94	
November, 1925	3,094	195	413	608	19.61	6.42
November, 1927	2,300			154	6.70	
November, 1929	2,957			811	27.40	
November, 1931	1,391			57	4.10	
November, 1933	3,496	381	54	435	12.44	10.90

that this appeared to be the case because most of the void votes were on the ballots cast for the amendments. In 1929 a large percentage of the ballots cast for the four charter amendments submitted at that time were void as, for example, the amendment concerning the park fund had 11.56 percentage of void ballots and the amendment to increase the tax levy had 18.16 percentage of void ballots.[3]

An analysis of the spoiled and blank ballots by wards and precincts shows great variations in the percentage of invalid ballots . . . The figures suggest that a program for the education of the voter in the methods of voting should be carried on in Wards 1 and 4 if the number of invalid votes is to be reduced. It might also be well to change the directions to voters on the ballot so as to include as part of the directions to voters an actual marked ballot with fictitious names. This might be more effective than several lines of printed matter. This is actually done in Calgary with good results.

Effect of Alphabetical Arrangement of Names

Another objection frequently expressed is that position of names on ballots gives a decided advantage to the person whose name appears at the top of the list and that individuals whose names begin with letters in the lower section of the alphabet have a poor chance of election.

It is interesting to note that of the 71 candidates who have run for elections to the city council since 1917, 40 had names beginning A to H and 30 of the 33 persons elected had names beginning A to H.

There have been 10 candidates whose names began with M and of these three were elected. No candidate has ever been elected whose name began with a letter in the last half of the alphabet. . . .

The importance of position on the ballot is also shown by the fact that in every election thus far held for the six-year term for councilmen in Boulder the person whose name appeared first on the ballot was elected. In five elections the person whose name appeared second on the ballot was elected. In four elections the person whose name appeared fourth was elected. In one election the person whose name appeared fifth on the ballot was elected.

In order to give each candidate the same advantage of position on the ballot it is suggested that the charter be amended to provide for a rotation of names on the ballots to provide that in printing the ballots the name of each candidate shall appear at the head of the list on the same number of printed ballots as every other candidate. This is the plan followed in many states.[8]

The November 1933 Election

At the recent election a clear cut issue was presented to the voters. The issue was the desirability of having a thorough investigation of the electric light and gas rates in Boulder preparatory to action by the council on the readjustment of rates under the terms of the franchise of the public service company which will come up for consideration in 1934. Several candidates publicly declared themselves on this issue.

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[3] Under the old plan of election, of course. The ballots of those who simply did not care to vote this part of the ballot were presumably included, as were the ballots of those who did not care to vote the P. R. part in making up the "invalid" total under P. R. —Ed.

[8] It is followed under P. R. in Cincinnati and Hamilton, Ohio.—Ed.

F. D. Bramhall[4] was the chief proponent of such an investigation. . . Bramhall received 1,184 votes or 33.9[5] per cent of all votes cast and his strength was well distributed throughout every precinct in the city, ranging from a low of 24 per cent of all votes in one precinct to a high of 44 per cent in two precincts.

Mayor H. H. Heuston, a candidate for re-election,[6] received 794 votes or 22.7 per cent of the total vote cast. His votes also were well distributed throughout the city. . . . Messrs. Bramhall and Heuston were elected on the first count. Each had more first choices than the quota required for election, which was 766.

The next step in counting the ballots was to transfer the surplus ballots above the quota in accordance with the second choices indicated thereon. Bramhall's 418 surplus ballots were transferred first. . . .

One of the surprises of the election was that A. D. Coleman, who had not publicly declared himself on the campaign issue, received a larger number of Bramhall's second choices (90) than any other candidate.[7] . . .

The soundness of the principles of proportional representation was demonstrated in this election. A majority of like-minded persons through their expressed first, second or more choices succeeded in electing two persons whom they considered were committed to an investigation of the electric light and power rates. The minority group secured representation through the re-election of Mayor Heuston. The place of residence of the candidate had practically no bearing on the votes cast for candidates. The controlling factor was their expressed or assumed attitude on the vital issue presented in the campaign.

The principles of proportional representation could be worked out more ideally if a larger number of councilmen were elected at each election.

If all nine councilmen were elected at the same time it would give opportunity for much more complete representation of the city than is possible when only three are elected and would make the council at all times the product of the latest expression of popular will. The continuity provided by overlapping terms would be provided automatically since a considerable percentage of the old councilmen would run for re-election and would be re-elected. . . .

Representative Councils

The following table, prepared independently of Mr. Sowers' article, shows that Boulder's restriction of the number elected each time to three has not prevented P. R. from giving a completeness of representation that would have been quite impossible under the older plurality methods. The figures in the first column are in fact an understatement. Candidates are only credited with enough votes to insure their election but they may actually represent many more voters who have voted for them, as the figures underlined in the second column strikingly show.

ANALYSIS OF VALID BALLOTS

BOULDER COUNCIL ELECTIONS, 1917-1933

Year	Percentage of Voters Who Helped Elect Members	Percentage of Voters Who Saw First Choice Elected
1917	73	63
1919	75	$\underline{89}$
1921	75	$\underline{76}$
1923	75	74
1925	75	$\underline{87}$
1927	70	62
1929	74	74
1931	73	68
1933	69	$\underline{74}$

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[4] Professor of Political Science at the University of Colorado.—Ed.

[5] 38.7% of the valid vote.—Ed.

[6] Under Boulder's city manager charter the mayor is the president of the council without administrative duties, chosen by the council from its own number. Mayor Heuston was identified with the utility side of the controversy by his position as company physician.—Ed.

[7] We have omitted here the further details of the count, which led to the election of Coleman through the transfer to him as next choice of a large part of the ballots of Kirby and Perry—both like Bramhall committed to the investigation—when they were defeated. The transfers left no doubt that the voters considered Coleman on the side of the investigation, though he had not said so in public.—Ed.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

City Management—The Cincinnati Experiment. By Charles P. Taft. New York, Farrar & Rinehart, 1933. $2.50.

The story of Cincinnati has long needed telling. Its outlines have been heralded from coast to coast. There is probably not a city in the nation which has not heard of the magic transformation of the Ohio municipality from one of the most corrupt and worst governed cities in the nation to a city which today proudly flaunts the slogan, "the best governed city in America." But as to how the transformation was accomplished, through what exertion of human energy the change was brought about, the importance of the various factors in the situation, and the results—this has long required the setting forth in a written record of the experience from its early beginnings.

Charles P. Taft, who as one of the original crusaders, albeit somewhat skeptical at first as to the manager plan itself, lived through the hopes and fears of those early days to see the realization in greater measure than their fondest dreams, tells a moving, exciting story. If it is applied political science, then that subject takes on an aura of adventure and romance that many teachers of the subject, reaching to dusty shelves for their materials, have sadly neglected.

Cincinnati is of course the Mecca of the new reformers. Long before the "New Deal" became a popular byword for the present federal administration, Louis Brownlow and others were talking about the "new deal at the city hall" of which Cincinnati was at once the laboratory and the exemplification. Cincinnati has achieved that peculiar combination of efficient administration, citizen interest in government and response to public opinion that represents the goal of democracy. As Richard S. Childs would say, in Cincinnati "democracy democs!"

The credit for the Cincinnati achievement has been the subject of considerable discussion among those who have been interested in causes and effects. The city manager plan, proportional representation, the City Charter Committee, the brilliant campaign personality of Murray Seasongood, the two city managers —to each of these has been attributed the success of the Cincinnati experiment. If it was not obvious before, Mr. Taft's book brings into clear relief the fact that it was a happy combination of these elements that made the achievement possible. Cincinnati's unique contribution is the City Charter Committee, of which Henry Bentley has been the guiding genius. To this permanent organization—a non-political machine—goes much of the credit for the high caliber of the personnel of Cincinnati's council as well as the credit for defeating in five consecutive elections a political machine earlier credited with being "unbeatable."

The accomplishments under the manager plan, the story of which the National Municipal League has told over and over again, need not be stressed here. Suffice it to say that it is a great record and that anyone interested in municipal government who fails to read this book is doing himself an ill turn. Nay, more, it is a book which should be read by every citizen of cities struggling with problems that seem too vast for human intelligence. There is the full fascinating story of achievement here, its small beginnings, the tremendous obstacles faced, the battle and victory—a King Arthur saga of municipal reform.

As the author concludes his narrative, "this group of Davids, for all their weakness, were able to overcome Goliath of the Machine, and to establish in Cincinnati and in Hamilton County good government conducted by honest men, with most of the same tools, most of the same employees and the same electorate with which the job had been done so badly by their predecessors. They proved that good government in American cities of substantial size is a possibility."

Howard P. Jones.

*

Public Works Inspection in Philadelphia. By Philip A. Beatty. Philadelphia, Bureau of Municipal Research of Philadelphia, 1933. 32 pp. mimeo.

With the bulk of public construction being done by private contractors, the city's supervision and inspection of the work is fundamental in securing full value for the money paid. Probably no city of any size has completely escaped at least the suspicion of scandal in connection with its public works inspection and the results of this study in Philadelphia will be interesting as well as useful. Mr. Beatty, the engineer on the Bureau's staff, made frequent inspections himself and was satisfied that the work done by the private contractors was, on the whole, of a satisfactory quality. The second part of the problem—whether the city was paying too dearly for this quality of performance—involved the effect upon the price of the inspector on the job as well as the quality and cost of the inspection itself. The results of the investigation of this aspect of the problem are indicated by the recommendations made.

In the author's opinion, public works inspection in Philadelphia could be improved by strengthening the process of selecting inspectors by eliminating political influence and the appointment of provisional inspectors; by providing adequate training in the technicalities and responsibilities of the job; by applying personnel classification and salary standardization already recommended; by discontinuing the practice of gratuities from contractors to inspectors and by reducing the inspector's opportunities for favors to the contractors; by encouraging the organization of inspectors for their own improvement and morale. It is probable that similar principles could well be applied, or justifiably urged, for the numerous governmental agencies which carry on their public works through private contractors.

Welfare Administration in New York State Cities. By Hugh R. Jackson. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 180 pp. $1.50.

The New York State Conference of Mayors and the School of Citizenship and Public Affairs of Syracuse University continue their joint supervision of the series of monographs on various phases of municipal practice in New York State. The latest volume, by Hugh R. Jackson, is an opportune description of welfare administration based on personal observation in twenty cities and correspondence with twenty-eight others. With the lay public forced to recognize the problems and techniques of welfare administration, and with professional workers attempting to stretch administrative as well as distribution budgets, the experiences and procedures of this group of New York cities should prove of marked interest.

Mr. Jackson describes administrative factors, such as departmental organization and personnel. He also discusses the policies followed in connection with the several types of relief rendered. A very brief chapter shows the relationship of home relief to work relief. There is a voluminous appendix containing a great many of the forms used. His recommendations, based on the close observance and comparison of practices and methods, should be of considerable value.

*

Real Estate Deflation in Chicago, 1928-1933.—Chicago. Joint Commission on Real Estate Valuation. 11 pp.

In order to correct the 1931 assessments, County Assessor J. L. Jacobs asked several organizations to assist him in determining the effect of the depression on real estate values. The Joint Commission on Real Estate Valuation secured special investigators to collect such facts as would aid Mr. Jacobs. This little booklet embodies the results of the material prepared by Professor H. D. Simpson of Northwestern University. In summary, the figures indicate that the 1931 assessments were 90 per cent of 1931 sales values and 110 per cent of 1932 sales values. Professor Simpson describes the method by which these results were reached and the policies open to the assessor in acting upon them.

Impact of the Depression on Business Activity and Real Income in Minnesota. Roland S. Vaile, Editor. Minneapolis, University of Minnesota Press, 1933. 59 pp. Seventy-five cents.

Six members of the University of Minnesota faculty have contributed to this study of changes in business activity, consumption, and the relationship of changes in production and consumption. Particular emphasis is placed on the Twin Cities and Duluth. In his introductory statement Professor Vaile comments on the importance of prompt observation and analysis of the current economic fluctuations. This preliminary study proves its value and interest .

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Expenditures of Public Money for the Administration of Justice in Ohio 1930. By Ruth Reticker with the collaboration of Leon C. Marshall. Baltimore, The Johns Hopkins Press, 1933. 233 pp. $2.50 paper; $3.00 cloth.

This is part of the study of the administration of justice in Ohio conducted by the Johns Hopkins Institute of Law, the Judicial Council of Ohio, and the Ohio State Bar Association. This is not the most interesting of the series, but it is extremely useful, and should prove a boon not only to those interested primarily in judicial administration, but also to those who are studying all reports of public expenditures in the hope that they might be reduced.

The author has considered the types of expenditure for the various political units—state, city, county, village, and township, assembled and classified them in admirable fashion. Of the total $38,500,000 of tax money spent on this function, 44.3 per cent is the share of the city, 35.6 per cent that of the counties, and 16.6 per cent that of the state. Grouping costs by purpose shows 43.1 per cent for police, sheriffs, marshals, etc., 21.1 per cent for courts, 15.2 per cent for correctional institutions, 7 per cent for the maintenance of buildings, and 4.7 per cent for legal offices. The book is devoted to the presentation and explanation of the data contributing to these summaries.

*

Photostatic Recording of Legal Documents. By the Taxpayers' Research League of Delaware. Wilmington, 1933. 7 pp. mimeo.

The New Castle County Bar Association, in its consideration of the possible adoption of the method of photostatic recording, raised questions as to the necessary storage space and ease of reading such copies. The Taxpayers' Research League undertook to answer the questions by obtaining opinions from a number of governments in which the method is in use. The opinions are given in this report.

*

Proceedings of the Southern Branch American Public Health Association. New York, American Public Health Association, 1933. 100 pp. 50 cents.

In November, 1932, there was organized at Birmingham, Alabama, the Southern Branch of the American Public Health Association. The subsequent meetings of this new organization proceeded to discuss health problems peculiar to the southern states and general public health problems in relationship to that area. This volume covers the proceedings of the organization and technical sessions.

*

Police and Firemen's Pension Funds of the City of Buffalo, N. Y. By Buffalo Municipal Research Bureau. Buffalo, 1933. 26 pp. mimeo.

For several years the pension studies produced seemed to emphasize the fact that many plans were not actuarily sound and would not survive the increasing charges against them. Recent studies—such as this made in Buffalo last spring—emphasize the growing demands made on the public by pension funds at a time when other expenditures are being curtailed. The crux of the situation in Buffalo may be summarized in this statement ". . . the maximum annual pension cost . . . instead of . . . 8 per cent will be 22.8 per cent of the annual payroll of the two departments, of which cost the members will contribute a sum equal to 4 per cent of the said payroll and the public a sum equal to 18.8 per cent thereof." The necessity of revising such systems (or one which permits Mayor O'Brien to retire on a $14,993 annual pension from a fund into which he has contributed only $28,000) is likely to have the unfortunate effect of creating popular distrust toward any pension system. The importance of pointing out the facts, however, is unquestioned.

The Constitution and Government of Texas. By Frank M. Stewart and Joseph L. Clark. Boston, D. C. Heath and Company, 1933. 260 pp. $1.48.

The authors have thoroughly revised their book of the same title published in 1930. The study has been brought up-to-date by the inclusion of changes in legislative organization and procedure already accomplished, and important proposals for administrative reorganization. Furthermore, three new chapters have been added, covering the essential fields of state finance, educational administration and parties, suffrage and elections. Frequent references are made to recent source material covering local primary sources and the all important report of the Joint Legislative Committee on Organization and Economy—the Griffenhagen survey—which was published last spring.

For those not familiar with the previous work, it may be well to note that the book contains the entire text of the Texas constitution (requiring one-third of the volume), and chapters on the development and amendment of the constitution, the legislative, executive, and judicial branches of the government, and local government. Although weaknesses are fully indicated and possible remedies outlined, the book is brief and direct.

*

A Survey Defining the Boundaries of the Cincinnati Region. The Cincinnati Bureau of Governmental Research. Cincinnati, 1933. 73 pp. mimeo.

The importance of intelligent relationships among communities forming a more or less closely knit area has been recognized by Hamilton County. A Committee on Coordination and Coöperation has already been created. As a preliminary to a group of studies to be made in connection with various regional activities, it seemed important to define specifically the area included in the "Cincinnati Region." The region was studied from the point of view of population, density, residence and transportation, trading and distribution areas. Among the details treated are a traffic survey, telephone rates, utility service, fire protection, hospitalization, welfare work, mail, and newspaper service. The survey will doubtless be of great service "when consolidation or reorganization of the numerous governing bodies in the Cincinnati region is considered." It was for this purpose that the study to define the extent of the metropolitan area was undertaken.

*

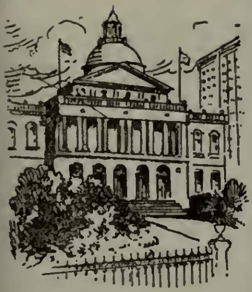
License Tax Ordinances. American Municipal Association, Chicago, 1933. 21 pp. mimeo. Fifty cents.

Supplementing a previous report on *License Taxes as a Source of Municipal Revenue,* the American Municipal Association has prepared a brief compilation of license tax ordinances. About half the pamphlet is devoted to the three hundred and twenty occupations or objects licensed, for a fee, in Birmingham, Alabama. The license code of Washington, D. C. is presented in condensed form. The St. Louis ordinance, of a somewhat more general nature, is also included. Brief mention is made of license taxes in several other cities. Possible sources of revenue are all of such general interest at this time that this study will undoubtedly be of great value. The simple presentation of these particular facts, however, serves especially to point the need of a thorough analytical study of the subject, which will offer constructive suggestions for future development.

*

Number and Distribution of Social Workers in the United States. By Ralph G. Hurlin, New York, Russell Sage Foundation, 1933. 11 pp. Ten cents.

The clue to the content of this small pamphlet is given in the opening sentence—"In 1930, for the first time, the federal census of occupations included in its classification a separate category for social workers." From the data thus available, Dr. Hurlin, director of the Department of Statistics of the Russell Sage Foundation, has made an interesting analysis of the rapidly growing profession.



GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE *Secretary-Treasurer, G. R. A.*

Governmental Research Association.—The highly successful meetings held in conjunction with the National Conference on Government have been reported to members in the Association's news letter "Association Business." Most of the papers presented at these meetings will be included in the proceedings which will soon be published in mimeographed form.

At this meeting announcement was made that Herman C. Loeffler, secretary of the Boston Municipal Research Bureau, had been awarded the Governmental Research Association certificate for the preparation of the most noteworthy piece of research during 1933. The report which won the award was entitled "The Participation of Boston in a Public Works Program under the National Industrial Recovery Act." This report was an analysis and constructive criticism of the public works program put forward by the city administration. The members of the Committee on Award were: Leonard D. White, W. F. Willoughby, and Robert T. Crane. This is the first year a competition of this kind has been conducted, but the Association plans to make the award a regular feature of its program of activities.

The following were elected to serve on the Executive Committee during 1934:

Robert M. Goodrich, *Chairman,* (reëlected), Providence Governmental Research Bureau; Philip H. Cornick, Institute of Public Administration; Russell Forbes, New York University; Walter Matscheck, Kansas City Civic Research Institute; Herbert J. Miller, Minneapolis Taxpayers Association; and Donald C. Stone, Public Administration Service.

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Des Moines Bureau of Municipal Research.—A survey of the expenditures made from the County Court Fund has been completed. The excess of the expenditures over the receipts of this fund has resulted in the issuance of $304,000 in bonds since 1925. The position of the courts and other offices supported from this fund is now particularly acute due to the fact that the Beatty-Bennett Tax Limit Bill provides for a cut of some 35 per cent in the receipts of this fund. The Bureau admits that the retrenchment indicated cannot be made without materially harming county functions. However, before coöperating in a movement to ask the legislature for relief, the Bureau believes that certain wasteful expenditures should be eliminated. Specifically the Bureau is recommending that improvements in budgetary procedure be adopted, stenographic work of the grand jury and county attorney's office combined, the cost of segregated juries reduced, court reporters' compensation reduced, mileage allowance of sheriff be lowered, and salaries of court employees adjusted.

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Hamilton County Taxpayers League.—In an effort to improve the unsatisfactory financial practices of the city of Chattanooga, the League has drafted and presented to the City Commission two ordinances. One provides for centralized purchasing. The other provides for a centralized accounting system, increased authority for the city auditor, quarterly allotments, monthly and annual financial reports, and other improvements in the city's financial system.

*

Lake County Taxpayers Association, Gary, Indiana.—In a recent bulletin the Association has pointed out that upon poor accounting records must be placed a great deal of the responsibility for unbalanced budgets and deficits. "When a business concern is forced to curtail, past cost records are scrutinized, anticipated future income is carefully and conservatively estimated, and periodic rearrangements of the budget made. Contrast this with the procedure of the average governmental unit in Indiana which at best can draw up only the haziest kind of complete financial and operating statements and whose books of account, in that they reflect cash transactions only, are many times highly misleading. Accurate departmental costs are almost non-existent. A general ledger is totally unknown in the accounting department of most of Indiana's municipal units. Property and equipment records are noticeable chiefly by their absence and cost accounting does not exist in most places, even in an elementary form. Periodic revisions of the disbursement program are practically never carried out because up-to-date financial reports cannot be obtained."

The Association attributes this backward situation to several causes including the mediocre governmental personnel, the high rate of turnover, "the almost complete lack of legislation in Indiana requiring adequate modern accounting for public funds; and the half-hearted and dilatory tactics employed by state supervisory departments who should furnish progressive leadership in rectifying present conditions." A campaign to correct this situation is under way.

*

Citizens League of Cleveland.—The adoption of the County Home Rule Amendment in November opened the way for the complete reorganization of government in the Cleveland metropolitan area. Such reorganization is not dependent upon action by the state legislature but may be initiated and carried through by the citizens of this area alone. The Citizens League has assumed leadership in the campaign to convince voters of the desirability of taking the first step—the authorization and election of a charter committee which will frame a concrete proposal which can then be submitted to the voters for approval or rejection. The entire process will probably take at least two years.

In view of the fact that consolidation of governments in the county under the County-Home Rule Amendment is at least two years away, the report of the League's Committee on Health is timely. The Committee found that six health authorities are rending health service within Cuyahoga County, and discovered many facts which point toward the desirability of consolidation. The Committee believes that pending complete consolidation it may be possible to persuade the agencies concerned to merge their activities under a City of Cleveland Health Board and concludes that such a centralized public health administration would result "not only in a more progressive, more efficient, and more satisfactory health service," but that the "same amount of service would be supplied to the citizens of the county at considerably less cost than under the present six separate districts."

*

Portland Chamber of Commerce.—The research department has completed a study of tax trends in the eleven western states. The increase (and in most cases the subsequent decrease) in assessed valuations, tax levies, and indebtedness is presented in tabular form. The report reveals many interesting facts, including the fact that in 1930 Oregon was the only western state which had experimented with a personal income tax, but that now Arizona, Idaho, Montana, New Mexico, and Utah also have income tax laws; and Oregon, California, Idaho, and Utah tax corporation incomes; and Idaho, New Mexico, Oregon, and Utah tax intangibles.

Frank M. Byam, manager of the research department, served the National Municipal League as secretary for Michigan during the time when Clinton Rogers Woodruff was secretary of the League.

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Bureau of Public Administration, University of California.—A member of the staff of the Bureau has completed a survey of unemployment relief administration in the City and County of San Francisco. This survey, which was formally requested by the Board of Supervisors, was made under the direction of a committee appointed by the presidents of the University of California, University of San Francisco, and Leland Stanford University. Changes in the administrative set-up are recommended by the survey staff after a thorough study of existing conditions and the complaints which have been lodged against the present relief administration by citizens, workers, and clients.

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Taxpayers' Research League of Delaware.—Recent and current assignments of the League's research staff include studies and surveys of the following matters: transfer of county roads to state highway system; installation of photostatic recording in office of recorder of New Castle County (report completed); financial statistics of incorporated cities and towns of Delaware (requested by the Delaware Industrial Recovery Survey Commission and the Federal Emergency Administration of Public Works); methods of financing state bonds for a public works program (requested by the governor; report completed); state housing law (in coöperation with the State Housing Commission); cost of government in Delaware (requested by Franklin S. Edmunds, president of the National Tax Association and principal speaker at annual meeting of Delaware Bankers' Association); state tax system (requested by State Board of Agriculture); status of Wilmington sinking fund (requested by Wilmington Sinking Fund Commissioners).

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Louisiana Taxpayers Association.—An analysis of the cost of maintenance of the state capitol and a comparison of this cost with similar expenditures in other states have been completed. A very unsatisfactory situation has been revealed.

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Massachusetts Federation of Taxpayers Associations.—Following a successful meeting held in Boston during the latter part of October this new name was adopted to designate the group which during the past year was called the Local Taxpayers' Association of Massachusetts. One hundred and forty-one organizations, representing twenty-nine cities and ninety-three towns are coöperating in the Federation. E. J. Brehaut of the Boston Chamber of Commerce, continues to serve as the secretary of the Federation but clerical and secretarial services are provided by the New England Council. Norman MacDonald director of the Springfield Taxpayers' Association is one of the new members of the executive committee.

The legislative program of the Federation includes the following planks: (1) Amendment of the civil service laws to permit transfer of public employees without right of appeal, to provide that general salary reductions be exempt from the right of appeal, to eliminate the provision for preliminary hearings before department heads in cases of discharge or reduction in pay, and to provide for hearings before a Civil Service Appeal Board instead of the courts; (2) Removal of property tax exemptions now enjoyed by quasi-philanthropic organizations; (3) Establishment of a state agency to assist and advise municipalities; (4) Centralized purchasing prescribed by state law; (5) Increase in the authority of the State Division of Accounts to compel uniformity, simplicity, and promptness in municipal reporting; (6) Abolition of non-contributory pension systems; (7) Revision of state laws which tend to increase the cost of local government; (8) Synchronization of tax year and fiscal year to eliminate necessity for borrowing in anticipation of taxes; (9) A personnel and efficiency survey of the state government; (10) Reëxamination of proposals for departmental consolidations made by the 1922 Commission; (11) Transfer to the state of county penal and tuberculosis institutions; (12) Reorganization and centralization of district courts and registries of deeds; (13) Creation of a special tribunal to handle automobile liability cases; (14) An increase in court fees. This program is stated and explained in a printed booklet just published by the Federation.

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Associated Industries of Missouri.—The department of taxation and governmental research recently issued a report on the financial condition of the state government on December 31, 1932. The deficit which existed at that date is computed to be $1,545,612. After examining tax collection trends and the budget for 1933 and 1934, the department forecasts a deficit of $1,992,000 on December 31, 1934. This is expected in spite of the fact that appropriations for the biennium 1933-34 were about 16 per cent below expenditures during 1931 and 1932.

Taxation and Government

EDITED BY WADE S. SMITH

Tax Paying Campaigns.— Many municipalities are discovering that if they could collect all unpaid taxes they could substantially reduce next year's assessments, or even operate without levying a single cent *ad valorem* tax. Experience in Chicago, Detroit, and a host of other cities shows, however, that the problem is not a simple one. Inadequate laws, poor assessment methods, inefficiency, and lax administration of laws not to speak of the depression are conspiring to prevent either a speedy or a complete solution of tax delinquency problems.

As Professor Thomas H. Reed has said: "Reconstruction of our tax system will take years. The only immediate solution is to be found in aroused public opinion, insisting that those who can pay do so and demanding wise laws to promote payment of taxes in the future."

Citizens and officials, realizing the keystone position held by taxes in the local governmental structure, have undertaken systematic studies of their tax systems. Surveys are being made, greater efficiency and economy insisted on, and taxpayers forced to realize that the payment of taxes is necessary if government is to continue. Pending the lengthy procedure of securing legislative changes, citizens and officials alike have united in drives to collect unpaid taxes, so that they might secure the funds necessary to avert complete collapse of government. Such "Pay Your Taxes" campaigns will not solve the deeper-seated maladjustments responsible for the taxation mess in many cities; but they will ease the financial strain and tide over many units until remedial measures can be put into effect.

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Wealthy Westchester County Going After Unpaid Taxes.—Westchester's financial difficulties reached a climax late in November, when two of the county's four cities were unable to meet payrolls, and the county was without sufficient funds to pay over $3,000,000 obligations due December 1. Bankers who were the county's principal creditors arranged a temporary loan on condition that a fiscal survey be made, rigid economies introduced, and county and municipalities shift to a cash basis of operation. "Pay-Your-Taxes" campaigns to secure as large a portion as possible of the delinquent taxes were also to be undertaken.

Cities and towns owe the county approximately four and a half million dollars. On December 4 the county sold some three million dollars worth of tax-delinquency certificates, which under Westchester County Tax Law become prior liens against all taxes collected by the debtor municipalities. In order that they might not be deprived of all operating funds, municipalities have been given six months to pay the county what they owe. In that time they must collect enough to pay the county and also maintain local services. Since most of the municipalities must arrange settlements with private creditors, payments to whom are also overdue, they must actually realize on their unpaid taxes in much less than the six months.

The crystallization of the situation will of course result in certain unwelcome developments. The county budget, under discussion at this date, is $167,530 larger, net, than that for 1932, because of the inability of the county to use any part of a "surplus" of $400,000 required now to meet expenditures occasioned because of the delinquencies of the municipalities. The tentative budget in Yonkers would increase the tax rate there 64 cents over the 1932 rate. Repeal of a recently adopted tax lien law in New Rochelle is being proposed because of "hardship" occasioned in its enforcement, while business and real estate interests in Mt. Vernon have sought to prevent the passage of a similar law there.

On the whole, citizens, officials, and interested organizations are coöperating in meeting the emergency. Local newspapers are giving wide publicity to the county's situation and the municipal measures necessary to meet it, prominent citizens are taking a leading part in serving on investigating, liaison, and campaign committees, and officials are doing their part. "Pay-Your-Taxes" campaigns are being organized in Yonkers, Mt. Vernon, New Rochelle, Eastchester, Mamaroneck, Rye, Bronxville, and Harrison, and others are proposed.

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Seizure of Rents Brings in Taxes.—Tax receipts have more than doubled since Jersey City began action against tax delinquents under the Stout Tax-Receivership Act, according to reports. The Stout Act, similar to the Skarda Act under which Chicago is rehabilitating its tax collections, provides that the tax collector may sue to be made receiver for any property taxes on which have been delinquent six months or more, for the purpose of defraying unpaid taxes, penalties, interest, and costs. The receiver and his attorney are not allowed any fees for the receivership, and farm and city property occupied by the owner and from which he receives no revenue is exempt.

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Emergency "Remedies" Hindering Tax Collection.—During the past few years legislation to "lighten the burden of taxation" has included laws indiscriminately remitting penalty and interest charges on delinquent taxes. Such measures have been adopted to induce the tax defaulter to pay up; in nearly every instance they have had just the opposite effect and have encouraged further tax delinquency.

An emergency session of the Oregon legislature remitted penalties altogether and reduced the interest one third. Large concerns doing business in other states as well, paid their taxes where penalties were stiff, but let their Oregon tax bills run; and small taxpayers have held off paying in the hope that further concessions will be made. As a Portland citizen wrote recently: "the present tax collection laws are without force."

A bill now before the Pennsylvania legislature would abate penalties in Philadelphia, which has accrued delinquences in excess of $40,000,000. The bill would remit penalties, interest, and other charges on delinquent taxes of 1931 and earlier if paid in full on or before June 30, 1934, and penalties and charges, not including interest, on delinquent taxes of 1932 if paid on or before September 30, 1934. The Philadelphia Bureau of Municipal Research, in its bulletin, *Citizens Business,* for December 5, comments that this measure would be unfair to those who paid promptly; that taxpayers will take full advantage of the extension of time and the savings so that the city will not receive payment until the deadline; and that there is grave danger that current levies will be withheld in the hope of further remissions in 1934 and 1935. The loss to the city through the cancelling of the debt represented by penalties, interest, etc., would amount to about $4,000,000.

The Ohio legislature also provided for the remission of penalties, but on condition that current taxes and interest were paid. The qualification seems to have prevented the damage that followed the Oregon bill, but there is no indication that the expedient proved more successful than would a discount for immediate payment.

The city of Detroit is experimenting with penalty remission, though the measure there is tied in with a seven-year funding arrangement. Taxpayers save interest and penalties if they pay before January 10; if they pay over the seven year period, they may reduce the penalty and interest costs by paying in a proportionately shorter time. Revision of foreclosure laws and other tax reforms are expected to offset any ill effects resulting from the penalty remission.

In general, there does not seem to be any safe method of remitting penalties. At the same time, small overburdened homeowners are undoubtedly entitled to relief in the matter of large penalty and interest charges accrued primarily because of the depression. But if penalty remission seems necessary, it should probably be definitely conditional upon the payment of current taxes and interest charges and the written promise of the taxpayer to undertake a reasonable schedule of installment payments, default on which will immediately re-invoke penalties and make the property liable to sale. It has been suggested as a safe rule that penalties should never be remitted below what the delinquent taxes might earn if invested elsewhere.

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Recently a taxpayers association in Woodbury County, Iowa, protested against a postponement of tax sales proclaimed by the governor. The members held that county finances would be still further imperiled by the blow to county credit implied in such a postponement!

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C. W. A. workers are helping a Toledo, Ohio, committee making a survey of the city's financial condition. When the study is finished, some time in February, a "Pay Your Taxes" campaign will be launched.

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"We have felt that to allow any person to become or to remain delinquent in the payment of his tax allows that person or individual unfair advantages over his fellow citizens," writes Manager of Finance W. F. McGlone of the City and County of Denver. He expects to collect 90 per cent of the 1933 levy.

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In a decision of December 5 the New Jersey Supreme Court is reported to have held that the municipality must pay the state and county their share of the taxes before it diverts any moneys to its own purposes. Just a further incentive, if one were needed, for the cities to collect from every taxpayer who can possibly pay in order to keep local services going.

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Director of Revenue John E. Hogan of Binghamton, N. Y., reports "a threat to governmental service does not exist here," in commenting on the fact that tax delinquency for the years prior to 1933 is less than one half of one per cent. "Strict enforcement of penalties and collection procedure," and local good fortune in the face of the depression are responsible. Taxes for 1933 are 90 per cent collected, he reported early in December.

Financial Consulting Service.—In response to a situation in which upwards of two thousand municipal and state units are reported in default, the National Municipal League has made available a Financial Consulting Service for municipalities. The Service aims to place at the disposal of cities in financial difficulties the services of a staff of experienced governmental experts who will analyze the financial situation as they find it and recommend whatever measures they may deem necessary to restore the credit and effectiveness of city government.

Studies of six municipalities in New York are the first to be conducted by the Service. These were started, because of the recent crisis in Westchester County, in the cities of Mt. Vernon and Yonkers, and the towns of Harrison, Mt. Pleasant, Greenburg and Cortland.

The work will be carried on under the direction of Dr. Thomas H. Reed of the University of Michigan, recently appointed financial consultant of the League. He is being assisted on the Yonkers study by Philip H. Cornick, of the Institute of Public Administration, Harry Freeman, recently appointed city manager of Asbury Park, New Jersey, Clifford W. Ham, director of the Atlantic City Survey Commission, and C. E. Rightor, former city controller of Detroit and chief accountant of the Detroit Bureau of Governmental Research. A preliminary report on Yonkers is now being used in the preparation of the city's budget. Completed reports will include indication of where economies can be effected with least harm, and other recommendations of Dr. Reed and his staff.

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Trenton Tackles Taxes.— Citizens of Trenton, New Jersey, uniting with officials in a "Pay Your Taxes" campaign, collected over $1,100,000 from September 1 to November 15, 1933, as compared with $579,000 during the same period in 1932. The campaign is still continuing, with every indication of producing the $3,000,000 set as the goal when the drive began. Needless to say, the campaign was the result of threats to city services, impending debt payment suspensions, and general financial uncertainty resulting from the fact that a large number of Trenton citizens had not paid their taxes.

The citizens committee, headed by Major

C. Edward Murray, quartermaster general of New Jersey, found that delinquent taxes since 1928 amounted to nearly five and a half million dollars. At least three million dollars had to be raised by December 31 to prevent a crash, but citizens would have to respond generously at the very outset of the campaign if the city was to get funds to meet immediate payments on bonded debt and city payrolls.

The campaign was organized with a small executive committee, and a general committee of forty-four members. An advertising man was engaged to organize campaign routine and prepare promotional and speakers' material. On the basis of a previous study an analysis of tax delinquents was made, and methods of dealing with the different classes devised.

It was found that members of the fire department owed $2,684, members of the police department $4,679, and members of the school system, $7,089. Through the activities of the committee nearly all of these amounts had been cleared up by September 1.

Then the committee found that many landlords and grocers who were receiving state relief money were not paying their taxes. The committee consulted the State Emergency Relief Administration, and after due consideration, the state administration ruled that "delinquent landlords and grocers sharing in these state funds be cut off the list unless they turn over all or a large part of the money to meet their obligations." In order that this rule might be definitely enforced, the Trenton director of state relief submitted lists of all landlords and grocers to the city tax collector's office to be checked for tax delinquency, and asserted that all tax delinquent landlords and grocers receiving relief money would be removed from the approved list until they paid their taxes to the city. This would affect 1,600 landlords receiving a total of $14,000 a month from the state for rentals for indigent families, and 137 grocers who receive more than $50,000 a month in food-order business from the relief bureau.

Next, attention was turned to the average taxpayer, who in many instances would be able to pay at least a part of the taxes in arrears. A recent law permitted taxpayers to pay on the installment plan, payments being allowed in amounts as small as a dollar. This law has been amended by the Tax Act Amendment which compells the installments to be in conformity with the amount of the delinquency, to prevent the unscrupulous from evading their obligations by paying insignificant installments. In short, according to the amendment, back taxes (and current taxes) may still be paid in installments but "unless the payments are in reasonable proportion to the amount of the back taxes, the city commission will take drastic action. "While there will be no favoritism shown if the tax situation terminates in a tax sale, the campaign committee and the city commission expect to take into consideration all extenuating circumstances, and will probably make special arrangements for the acceptance of smaller installments in such instances."

In order to put the desired force into the committee's action, yet avoid creating a feeling of antagonism, a carefully worded letter was sent to taxpayers and widely distributed from house to house and through the press. This letter explained the city's need for cash, appealed to the citizen to pay, and expressed determination that those who could pay would be compelled to do so. The letter, and consequent follow-ups, produced a startling influx of cash into the city treasury.

To bring further pressure to bear on delinquents, the committee suggested a plan where employers were requested either to advance to employees the full amount of their tax delinquency, or stand security on the banks for such a loan, to be paid back in installments from wages or salaries. A number of the largest employers in the city agreed to the plan.

Actually and factually, the campaign is working out very encouragingly. The committee is now turning its hand to the collection of delinquent personalty and poll taxes, some half million of which were outstanding at the beginning of the campaign. If citizens will continue to respond to the appeal, "Pay Your Taxes," Trenton has high hopes of getting out of the red.

George W. Vanaman.

Trenton, New Jersey

NOTES AND EVENTS

H. M. OLMSTED

Studying Public Welfare Organization.—The Institute for Government Research of the Brookings Institution has assigned to Dr. A. C. Millspaugh the task of making a critical study of the organization of public welfare administration in the United States. The investigation will be conducted in coöperation with the American Public Welfare Association. It is hoped that it may be completed before January 1, 1935.

Present plans include a survey of the organization for supervision, control, direction, and coördination in the federal government, the states, and the counties. An attempt will be made to locate the more vital problems and, through a comparison of different systems and an appraisal wherever possible of actual results, to indicate the general principles which should be followed in legislation during the immediate future.

Public agencies in the welfare field have long been in existence; but the social thinking and the social concepts which determine the objectives and influence the organization of administration are not only relatively recent but are also in constant process of enlargement and integration. Perhaps in no other field is there such evident need of a reexamination of organization in the light of new objectives.

The present depression has emphasized public welfare problems and has enormously increased the scope and burdens of welfare work. Relief, which in the past has been largely a local responsibility, became first a state and is now a federal function. The depression likewise has stirred the public conscience, stimulated criticism of the social order, and focused attention on the conditions which public welfare administration is designed to ameliorate. Welfare is becoming increasingly public and governmental; and the governmentalization of welfare calls for renewed attention to the problems of organization.

The Brookings Institution hopes to enlist in this study the active assistance of the various national and state associations concerned with public welfare. It especially desires to get in touch with all those who are engaged in studies of special phases of public welfare administration or of state or local organizations.

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Winnetka's Success.—The village of Winnetka, Illinois, receives a meed of praise in the December issue of *The Rotarian,* in which Neil M. Clark tells the story of its successful government. Four points are stressed: the non-partisan caucus that nominates candidates for elective office, the efficiency of the council-manager plan, with Herbert Woolhiser as village manager since the plan was adopted in 1915, the municipal light and water plant, which returns dividends to the taxpayers, and particularly, the spirit of interest and coöperation on the part of the citizens.

*

To Study New Jersey Governmental Costs.—Dr. Harley L. Lutz, professor of public finance at Princeton University, and an eminent authority on taxation and finance, has been appointed director of research for the New Jersey Taxpayers' Association. A thorough study of the state's public expenditures and their control will be undertaken.

Governmental Officials in Housing Field Organize.— The National Association of Housing Officials, formed with the purposes of serving governmental officials engaged in housing under public auspices, aiding generally in the supervision and operation of low-cost housing, both urban and rural, and acting as an information clearing house, was organized on November 25 in Chicago, which will be its headquarters.

Ernest J. Bohn, chairman of the housing committee of the Cleveland City Council, was elected president, and Alfred K. Stern, of Chicago, chairman, Illinois Housing Commission, vice-president. Other members of the executive committee are George Gove, secretary, New York State Board of Housing; B. E. Giesecke of Austin, member, Texas Relief Commission; Edmund H. Hoben, in charge of housing, Board of Public Land Commissioners, Milwaukee. Charles S. Ascher, secretary, Public Administration Clearing House, Chicago, was named executive director, and Coleman Woodbury, secretary, Illinois State Housing Board, treasurer.

Charter members include Secretary of the Interior Harold L. Ickes, president of the newly organized Federal Emergency Housing Corporation; Robert D. Kohn, director of housing, Public Works Administration; M. L. Wilson, director, Subsistence Homesteads Division, PWA; members of state housing boards of Ohio, Massachusetts, New York, Texas, South Carolina, Delaware, and Illinois; and housing officials of the three cities that now have public housing projects under development—Cleveland, Toledo, Milwaukee.

Active membership will be limited strictly to public officials, but all others interested in housing and slum clearance are invited to become associate members and to make use of facilities that the clearing house will provide.

Mr. Bohn points out that new problems of administration in housing are arising rapidly. "A year ago there was only one state housing board; today there are thirteen. A year ago there was no municipal housing whatsoever; today numerous cities are taking active interest in it, with three having organizations already established. In addition to all this, there is a Federal Housing Corporation to which $100,000,000 of PWA money has already been allocated, which will shortly start operations in Detroit and other leading cities."

The Municipal Affairs Committee of the New York City League of Women Voters.— This Committee has been doing outstanding work in behalf of constructive municipal economy, charter revision, maintenance of educational standards, efficient conduct of elections, and other needs of the city. The committee's eighth annual report, covering its work for the year ending June, 1933, has recently been issued. In ten pages of the leaflet are graphically described the many activities of this able and energetic group during an important year in New York's civic history. Committee headquarters are at 155 East 44 Street.

*

Half Million to be Spent on Tax Delinquency Study.—$480,000 has been alloted from the Civil Works Administration for the purpose of a survey of the tax delinquency situation in cities and counties throughout the country. The survey in analysis is being worked out by the Census Bureau in coöperation with the Municipal Finance Officers' Association. Dr. Lent D. Upson, Director of the Detroit Bureau of Governmental Research, is directing the study.

A detailed analysis of tax delinquency is planned in the sixty-five cities in which the federal government is classifying properties. General inquiry in the other units of local government will be made as to tax delinquency for the last year, or last two years, or total delinquency, if available; recent local or state legislation designed to stimulate or retard tax collections; existing procedure used in preparation of assessment and tax rolls, and for the billing and collection of taxes; essential services that have been curtailed—so far as these can be measured; comparative assessments and taxes levied for past two years; to what extent are funded and unfunded obligations in default, has scrip been issued, and are current bills unpaid?

*

Interstate Legislative Conference Sets Precedent.—One hundred representatives of the seventeen northeastern states met in Harrisburg, Pennsylvania, October 20 and 21, at a conference by the American Legislators Association at the request of the Pennsylvania legislature. The conference discussed the numerous conflicting regulations which adjoining states impose upon the dimensions and weights for buses and trucks. About half of those in attendance were legislators and half administrative officers. Henry W. Toll, executive director of the American Legislators' Association, stated that so far as he knew it was the first of its kind ever held. While agreement on standards was not achieved, the discussions are to be continued with smaller groups of states. Mr. Toll pointed out that a valuable precedent has been set. "Meetings between responsible government officials, such as the one in Harrisburg," he declared, "can do a great deal to remedy unsatisfactory administrative and legislative conditions."

*

A Survey of Public Employment.—The field of elective, appointive and civil service positions throughout the United States, from the smallest township to the national government, will be surveyed by the Commission of Inquiry on Public Service Personnel, recently appointed by the Social Service Research Council. The work of the Commission will be financed by the Spelman Fund. The nation-wide scope of the survey is emphasized by the fact that there are said to be some 2,500,000 employees of local, state, and national governments in this country. According to Dr. Robert T. Crane, director of the Social Science Research Council, the commission will consider policy and method in the recruiting, selection, compensation, training, promotion, and tenure of administrative and technical public employees, and a report will be expected by the end of 1934. The commission consists of Dr. L. D. Coffman, president of the University of Minnesota; Louis Brownlow, director of the Public Administration Clearing House; Ralph Budd, president, Chicago, Burlington & Quincy Railroad; A. L. Day, National Academy of Science; and Prof. C. E. Merriam, University of Chicago. The director of research for the commission is Dr. Luther H. Gulick of Columbia University, director of the Institute of Public Administration. Problems with which the commission is expected to deal will include the need of specialized training for many positions; the method of selection; compensation and the relative rewards in public and private service; pensions; the spoils system; lessons to be learned from European experience; and the creation of a public attitude calling for improvement in public personnel generally.

Asbury Park Selects a City Manager.—Asbury Park, New Jersey, which recently adopted council manager government has followed the best tradition attached to that form of city control by looking far and wide in search of the best man for the job. The selection has fallen upon Harry H. Freeman, former president of the International City Managers' Association, who was the first city manager of Kalamazoo, Michigan. More recently Mr. Freeman has been director of the Buffalo Municipal Research Bureau.

UTICA BATTLES FOR MANAGER PLAN

(Continued from Page 11)

themselves at home with iced tea and lemonade. The plan was defeated 14,030 to 10,022.

A few comparative statistics shed interesting light upon the effectiveness of the two groups concerned. In the general election of 1931 the friends of the manager system had won by 12,574 to 10,910, the special election thus showing an increase of 3,120 for the opponents and only 2,550 for the supporters of the plan. While the opponents increased their vote in twenty-eight districts (in one district alone by 2,000), the sponsors of the plan only increased theirs in five districts. The largest increase registered by the latter group in one district was thirty votes, but in that same district the opponents increased theirs by one hundred ten. How far the victory of the opponents may be laid to stuffing of ballot boxes or intimidation of voters it is impossible to say. The story is told that the manager group publicly advertised for watchers, and that the party bosses very adequately took advantage of this golden opportunity! If it is true, this blunder is a fitting climax to earlier ones.

After these reverses one might expect the movement to be fairly well ended; yet curiously enough much of the original enthusiasm remains, and leaders forecast renewed activity at an early date. For the sake of reform movements in general and the manager plan in particular it is to be hoped that more political acumen will be shown in the future.

NATIONAL MUNICIPAL REVIEW

FEBRUARY 1934

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• • • A Supplement

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Recommendations on Township Government

• • • ARTHUR W. BROMAGE

With a foreword by John A. Fairlie

Report No. 3 of the Committee on County Government of the National Municipal League

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Foreword

This report presents a further series of recommendations by committees on county government of the National Municipal League. Preceding this there have been submitted a proposed bill for a county manager law, a report on constitutional provisions on local government, by Howard P. Jones, recommendations for constitutional provisions on local government, and a report on Principles of a Model County Government, by R. C. Atkinson.[1]

As in the case of previous reports, this is based on the work of the chairman of a sub-committee—in this instance, Professor Arthur W. Bromage of the University of Michigan. But, like other reports, this has been the subject of careful consideration and discussion at several meetings of the committee, including a meeting given mainly to this subject held in Philadelphia in December 1933; and the report has been approved by the committee as a whole.

In this report there is considered the problem of the township, as found in the Middle Atlantic and North Central States, as a general unit of local government. Criticism of the township in its various aspects and functions are presented, objections to its abolition are considered, and a series of recommendations for its gradual elimination are submitted.

John A. Fairlie, *Chairman*

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[1] National Municipal Review, August 1930, Vol. 19, No. 8; August 1932, Vol. 21, No. 8; September 1933, Vol. 22, No. 9. A Model State Constitution, revised edition, February 1933.

Recommendations on Township Government

Report No. 3 of the Committee on County Government of the National Municipal League

ARTHUR W. BROMAGE
University of Michigan

TOWNSHIP government as it exists in the Middle Atlantic and North Central States is a factor in the reorganization of local government. Its area is generally too small for the proper financial support and efficient administration of governmental functions. Its governmental structure, like that of the county, is antiquated. On the other hand, township government is defended as a training school of democracy. No absolute solution of the problem is at hand, and no single solution will hold true for every state in which the township exists.

This report deals with the organized civil township in the Middle Atlantic States and in the Middle West. It does not apply to town government in New England. The differences between town government in New England and township government in the Middle West are so fundamental that the former is not within the scope of this analysis. The township as an organized political unit is found, with varying powers and functions, generally in Indiana, Iowa, Kansas, Michigan, Minnesota, New Jersey, New York, Ohio, Pennsylvania, and Wisconsin. But in other states township organization is not general. In Illinois seventeen counties in the southern and central section have no township organization. In Oklahoma, less than one-half of the counties have organized township governments; in Nebraska, less than one-third; in Missouri, less than one-fourth. In North Dakota approximately one-fourth of the rural area of the state is not organized into civil townships; and in South Dakota townships in some counties serve only as school districts.

I. OBJECTIONS TO THE TOWNSHIP

The objections to the retention of township government are many. There is evidence that the township places a burden on the taxpayer for which there is no commensurate return in services rendered. The major functions of government essential in the rural areas cannot be maintained economically and efficiently by township units. This fact has been recognized in many states by the gradual transfer of functions from townships to counties. In the administration of justice, health and welfare, highways, and finance, the township is no longer a satisfactory unit. Further, the use of the township as a district for selecting representatives on the county board is open to serious criticism. Finally, the township is an artificial area which does not conform necessarily to trade or community areas.

A. As an Unnecessary Burden on the Taxpayer

The first problem is whether or not the township places an unnecessary burden on the taxpayer. In Illinois, where some counties have township organization and others do not, comparisons between counties with and without township government are available. A study has been made by H. S. Hicks, chief clerk of the Illinois Tax Commission, based upon taxes levied in 1931 for general governmental purposes, other than schools and highways, in eleven counties without and seven counties with township organization. He found the per capita cost of government in the counties without townships to be $1.84, whereas in the counties with townships it was $3.83.

Another study of the costs of township and county government in Illinois was made by M. H. Hunter of the Bureau of Business Research of the University of Illinois. After making comparative studies of counties with and without townships, he observed that, "The general indication, from the comparisons made, is that township organization adds to the cost of government without the addition of a commensurate service."

Similar conclusions were reached in a study of township government in Michigan. There, a report to the Michigan Commission of Inquiry into County, Township, and School District Government in 1933 held that, "The township has become an unnecessary and hence a costly and wasteful unit of government all of whose functions can be as well or better performed on a county basis. . . . It is extremely detrimental to the interests of the local taxpayer to maintain an institution whose costs are largely for overhead and little for service."

Likewise, the 1933 report of the New York State Commission for the Revision of the Tax Laws on *Depression Taxes and Economy through Reform of Local Government* maintained with respect to highways, education, health, welfare, justice, taxation, and finance: "Evidence before this commission shows conclusively that under modern conditions the administration of these functions cannot be maintained efficiently and economically by many existing town, village, and special district units in rural areas particularly. . . . The time has long since passed in this state when these highly important public services can be left so largely to the supervision or control of town and village governments, so many of which are incompetent financially and otherwise to deal adequately with them."

B. As a Unit for the Administration of Justice

The policy of using townships as districts for the election of justices of the peace is of long standing. The number of justices thus created is too large. With little exception the justices lack professional qualifications for the judicial office which they are to perform. Bruce Smith in *Rural Crime Control* notes that the experiments among the states "show a generally uniform tendency towards reducing the number of justices, increasing their compensation, raising their qualifications, and extending their territorial jurisdiction." These desirable ends cannot be achieved by use of the township as a district for electing justices.

Reports from Virginia indicate that an appointed single trial justice for a county is a distinct advance over the election of justices of the peace from a district smaller than the county. The Virginia Commission on County Government reported to the legislature in 1931 that counties using a single trial justice found this system a marked improvement over the old magistrates' courts. We recommend that states now electing township justices of the peace establish in their place one or more appointive trial justices in counties.

C. As a Unit for Health and Welfare Administration

To the administration of public health and welfare the township is not suited.

During the past two decades there has been an extensive campaign for county health units. On January 1, 1931, there were 557 full-time county health departments in operation in rural areas. These county health units were located in 38 states and provided service for approximately 28 per cent of the rural population. The use of townships as health districts increases the cost of administrative overhead, promotes overlapping of effort, and creates too many part-time and inexpert health officers. Efficient public health work requires a trained personnel and whole-time service. These two factors require the use of a larger unit than the township for public health work. As a general rule, of our existing governmental units, the county or a combination of counties is the most logical territorial basis for health administration. We regard the county health unit as a more effective agency in public health administration and we consider the township obsolete as a health unit.

Where the township serves as an area for welfare administration, it is used ordinarily in outdoor poor relief work, while institutional care of the poor is maintained by the county. We favor the centralization of outdoor poor relief as well as institutional care under county administration. We recommend for the average rural county a combined department of health and welfare administration with a single executive head and an advisory board. Such a department should control public health work, administer all forms of poor relief, and operate hospitals, charitable, and correctional institutions.

D. As a Unit for Highway Administration

The utilization of the township in the Middle Atlantic and North Central States for the construction and maintenance of minor roads is contrary to the prevailing use of the county road unit in the south and far west. The township as a unit of highway administration produces a multiplicity of agencies, prevents maximum efficiency in the operation of road machinery, and promotes non-professional management. Evidence of the trend away from the township highway district is furnished by Michigan, where a gradual transfer of township highways to county road units is mandatory within a five-year period. The recent transfer of county roads to state administration in North Carolina and Virginia indicates that the choice of the future may be between a single state highway unit on the one hand, and on the other, a combination of state highway system and county road units. Therefore, we recommend the transfer of existing township highway systems to county road units. We urge that road administration in the county be placed under a unifunctional department of public works with a single executive director.

E. As a Unit for the Administration of Fiscal Functions

Fiscal functions which townships often perform are the assessment of property for taxation, the collection of taxes, and the keeping of financial records. Scientific assessment of property values requires an expert personnel. Whether the assessment of property should be a state or a county function is not our concern here, but it is clear that it should not be administered by township governments. Where the township is retained as a governmental unit, in spite of the objections to it, we recommend that the assessment of property for taxation, the collection of township and other taxes, the custody and disbursement of township funds, and the keeping of financial records should be under a county department of finance with a single executive head. Assessment of property, tax collection, custody and disbursement of public funds cannot be economically and efficiently performed by elective officials holding short terms of office in a multiplicity of small rural units.

F. As a Unit for the Administration of Miscellaneous Functions

This is also true of a number of miscellaneous functions which townships perform. The minor clerical functions of the township, such as the keeping of chattel mortgage records, could be as well or better performed by the county. Nor is the township with its rigid boundaries satisfactory as a unit for the conduct of elections. A more flexible arrangement would be a system of electoral precincts under the control of the county board. Moreover, county election administration should promote a more effective supervision of the conduct of elections.

G. As a Representative Unit

The township is still a unit of representation upon the county board of supervisors in New York, Michigan, Illinois, and Wisconsin. But seventeen counties in Illinois have a board of county commissioners, and a few of the counties in Wisconsin have taken advantage of a statutory option to set up small county boards. Township representation upon county boards is analogous to ward representation upon city councils. It produces large and unwieldy boards, promotes the election of small-calibre members, accentuates local interests and pork-barrel tactics, and increases the cost of administration in county government. It generally results in an unequal representation of groups in county government, and sharpens the urban-rural conflict in urban and suburban counties. An aggregation of urban and township supervisors is not an effective agency for determining policy. Many municipal councils and school boards have been reduced in size, and election at large has become a common practice. No fundamental difference exists between the function of the governing boards in these units of government. All three should be representative bodies for the determination of policies, leaving execution thereof to a chief executive. We recommend the abolition of the township as a unit of representation on county boards. For the selection of county boards we favor the Hare system of proportional representation, and as a second best, majority election at large by nonpartisan ballot.

H. As an Artificial Area

Another objection to the township is that it does not conform to trade or community areas. In New York, New Jersey, Pennsylvania, and eastern Ohio townships vary considerably in area and are irregular in form. In the Middle West the boundaries of the civil townships generally follow the congressional townships which are thirty-six square miles in area. In sparsely settled areas civil townships often combine two or more congressional townships. In many cases civil townships have little relation to actual community areas. That townships, because of the rigidity of their boundaries, do not correspond to community areas, has been ably demonstrated by such studies as that of C. R. Wasson and Dwight Sanderson on the *Relation of Community Areas to Town Government in the State of New York*. The importance of townships has been diminished by the separate incorporation of villages and small cities that have grown up within or overlapping township boundaries. This has been contrary to the policy in New England towns where the separate incorporation of village governments has been the exception rather than the rule.[2]

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[2] The artificial nature of the township area and the conflict between village and township governments has led to the advocacy of a new unit to be known as a rural municipality. In *Rural Municipalities*, Theodore B. Manny suggests the revamping of the township to correspond more closely to the New England town. The rural municipality would conform more to trade areas, and it would combine both existing incorporated areas and open-country areas into a single unit. But

The forces operating to undermine township government are apparent. Because townships generally included an arbitrary area of thirty-six square miles, the tendency was to incorporate as villages or cities the actual communities which developed. This practice seriously impaired the vitality of the township as a political unit. Because townships were small in area, they had insufficient population and valuation to support major functions of local administration. Finally, the development of means of transportation and communication made feasible the use of much larger units for the administration of governmental functions in rural regions. Gradually, functions have been transferred from townships to counties until in some states township government is nothing but a hollow shell.

II. OBJECTIONS TO TOWNSHIP ELIMINATION

The most common objection to abolition of the township is that it has been and continues to be a training school of democracy. Although a larger unit might administer functions more efficiently, it is said that this advantage would be offset by a decline in local interest which now centers in township government. This objection to the abolition of townships assumes that civic interest now centered in township affairs would not be transferred to the county unit. Interest in township government has already waned in many states, except on the part of office-holders and other special groups. In sparsely settled regions a large proportion of residents must of necessity hold township offices. One family may hold several positions. This creates a situation which we regard as highly undesirable. Ohio, for example, has 23 townships whose rural population exclusive of incorporated communities was less than 100 by the 1930 census. Michigan has 39 townships in the same category.

In Pennsylvania, Ohio, Indiana, Iowa, Kansas, Oklahoma, and Missouri the township meeting does not exist. Even in those states in which the laws still provide for the township meeting as a deliberative assembly, inquiries made by John A. Fairlie have indicated that attendance is in most cases meager compared with the attendance in New England. The presence of incorporated villages removes from the township meeting important problems of local government, and the minor problems which remain do not arouse widespread or active public interest. There is further evidence of waning interest in township government. Citizens sometimes refuse to run for office or, if elected, do not take the oath and thereby fail to qualify. This is particularly true with respect to the office of justice of the peace.

In view of these facts, this committee does not believe that the retention of existing township units is essential to the maintenance of local interest in government. Interest in government springs from fundamental motives that are not necessarily present in a small unit and absent in a larger one. Furthermore, a number of overlapping governments—township, village, and county—in the same area tends to dissipate public interest.

III. PROPOSALS FOR THE ELIMINATION OF THE TOWNSHIP

The township is no longer a satisfactory organization for the administration of local services. We therefore recommend that steps be taken for its elimination. If local interest in township government is strong in certain sections of a

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because certain services needed in villages would not be available to residents in the open country, a system of zoned taxation would be used. This proposal is further evidence of the artificial character of existing township units.

state, concessions should be made to the principle of local or county option in township organization. We recommend the following methods of township elimination:

A. Wherever legally possible under existing constitutional provisions, we recommend that legislatures provide definite plans for the gradual transfer of functions from the township to the county, city, or state. If constitutional barriers to such legislation exist, we favor a constitutional amendment permitting the legislature to transfer functions from townships to the county, city, or state.

B. We favor legislation permitting individual townships to be disorganized or to be consolidated. Minnesota, for example, by act of 1931 permits towns to request dissolution by a vote of the electors at annual or special meetings. The county board may then dissolve the town and by resolution attach it to an organized town or govern it as unorganized territory of the county. If such dissolved territory is to be added to an adjoining town, the proposal must first receive a five-eighths majority of the voting electors of the town to which the territory is to be added. The general statutes of Minnesota relating to the county board give this body power to govern unorganized territory. Under such a plan provision should be made for the liquidation of existing debt and the levy of special taxes within such an area.

C. We also recommend the abolition of townships by county option. As illustrative of this practice the constitutional provisions of Illinois, Missouri, and Nebraska are herewith cited:

> Illinois, *Constitution,* Art. IX, sec. 5: ". . . And in any county that shall have adopted a township organization, the question of continuing the same may be submitted to a vote of the electors of such county, at a general election, in the manner that now is or may be provided by law; and if a majority of all the votes cast upon that question shall be against township organization, then such organization shall cease in said county; and all laws in force in relation to counties not having township organization, shall immediately take effect and be in force in such county. . . ."
>
> Missouri, *Constitution,* Art. IX, sec. 9: "In any county which shall have adopted 'township organization,' the question of continuing the same may be submitted to a vote of the electors of such county at a general election, in the manner that shall be provided by law, and if a majority of all the votes cast upon that question shall be against township organization, it shall cease in said county; and all laws in force in relation to counties not having township organization shall immediately take effect and be in force in such county."
>
> Nebraska, *Constitution,* Art. IX, sec. 5: ". . . In any county that shall have adopted a township organization the question of continuing the same may be submitted to a vote of the electors of such county at a general election in the manner that shall be provided by law."

Such constitutional provisions permit a dual system of local government. Some counties operate with and some without township organization. This is a handy method of township elimination. It is better than requiring every county in a state to have townships, regardless of whether the people in the region want or need them.

D. Where state constitutions provide for the organization of county and township governments, we recommend constitutional amendments permitting county home rule charters and empowering the state legislature to set up optional plans of county organization. We recommend further that such constitutional amendments authorize counties by home rule charter and the state legislature by optional law plans, to provide for the discontinuance of the organized townships within a county, and the transfer of any or all of the powers now exercised by townships or township officers to officers of the county or state. We recommend particularly the policy embodied in the 1933 Ohio amendment for county reorganization, which authorizes townships to transfer powers to the county. This amendment states that: "Municipalities and townships shall have authority, with the consent of the county, to transfer to the county any of their powers or to revoke the transfer of any such power under regulations provided by general law, but the rights of initiative and referendum shall be secured to the people of such municipalities or townships in respect of every measure making or revoking such transfer, and to the people of such county in respect of every measure giving or withdrawing such consent."

We have made no recommendations for the reorganization of the governmental structure of townships since we favor the elimination of this unit rather than its continuation with a revamped governmental structure. However, since the abolition of townships will probably be a gradual process, we urge the immediate consolidation of townships in sparsely settled areas.

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THE LEAGUE'S BUSINESS

"Reviving Local Government" is the subject chosen for the seventh of the "You and Your Government" radio series, beginning Tuesday, February 13, and continuing for nineteen broadcasts. The League's Committee on Citizens' Councils sponsors the series, which will be given every Tuesday evening at 7:15, eastern standard time. Speakers and subjects for February and March follow:

February 13—"The State and Local Government." Governor Herbert H. Lehman, New York; Professor Thomas H. Reed, Chairman, Committee on Civic Education by Radio.

February 20—"New York City Blazes the Trail." Mayor Fiorello H. LaGuardia, New York City; George H. Hallett, Jr., Secretary, Citizens' Union of New York.

February 27—"Financial Problems of New York City." Miss Pearl Bernstein, Secretary, Board of Estimate; W. Arthur Cunningham, Comptroller; Bernard S. Deutsch, President, Board of Aldermen.

March 6—"New York City's Business Activities." Paul Blanshard, Commissioner of Accounts; R. E. McGahen, Director of the Budget; Joseph D. McGoldrick, Deputy Comptroller.

March 13—"Social Problems in New York City." Miss Loula D. Lasker, Associate Editor, *The Survey;* William Hodson, Commissioner of Public Welfare; Langdon Post, Tenement House Commissioner.

March 20—"Ohio Forging Ahead." R. C. Atkinson, Director, The Ohio Institute; Leyton E. Carter, Director, Cleveland Foundation; W. M. Cotton, Assistant Director, Cincinnati Bureau of Municipal Research.

March 27—"Improving Local Government in New Jersey." Governor A. Harry Moore, New Jersey; Thomas N. McCarter, President, New Jersey Public Service Corporation; Charles P. Messick, Chairman, State Planning Board.

* * *

Subjects of 1934 Baldwin Prize Essay Contest.—Professor Edwin A. Cottrell, Stanford University, California, acting as chairman of the League's committee on prizes, has selected the following as the subjects for the 1934 Baldwin prize essay contest:

1. Progress of the County Executive Plan
2. Metropolitan Area Simplification
3. Consolidation and State Control of School Districts
4. Comparative Financial Results of Social Welfare Programs in a Selected List of Cities
5. The Law and Finance of Special Assessment Districts

* * *

Appointment of Committee on Public Works.—At its annual meeting in November the National Municipal League adopted a resolution calling for the appointment of a committee to draft a model law for the advance planning of public works. Accordingly, President Seasongood announces the following committee personnel: Harold S. Buttenheim, New York City, *chairman;* Frank B. Williams, New York City, *secretary;* Harland Bartholomew, St. Louis; Russell Van Nest Black, Princeton; Louis Brownlow, Chicago; Jacob L. Crane, Chicago; Otto T. Mallery, Philadelphia; John Nolen, Cambridge; and Flavel Shurtleff, New York City.

Editorial Comment
◆
February

NATIONAL MUNICIPAL REVIEW

Vol. XXIII, No. 2 Total No. 212

An Appraisal and a Hope

Until the depression became unyielding most citizens clung to the belief that stone-age boundaries and country-store business methods were as sacred to democracy as the Ten Commandments were to the human race.

The force of the continuing depression is jarring a majority of taxpayers loose from these old moorings. The average taxpayer's mind is beginning to open. He sees what is wrong—but he continues cocksure. He knows exactly how to right it—give him the chance and he will show you how to cut governments' costs.

First, he intimates, you clean up your political party, next you throw the rascals out, cut salaries of all public servants to the bone, then you trim away all *frills,* now you stop highway construction, erect no more public buildings, shorten the school term and there you are! Less cost, less government—but, he doesn't add, there is less public service per taxpayer dollar.

There isn't a citizen in the nation who would attach an out-board motor to a farm wagon and undertake to make it meet the demands placed upon a 1934 model truck. And yet there are all too few citizens who can see the absurdity and ineffectiveness of trying to get better government, less wasteful government by the meat-axe method and at the same time retain the old boundaries, the old political control, and the hoary aged popular election method of selecting administrative officials.

The hope in the situation is that the citizen is not only demanding action but in addition to that is seeking light. For example, the National Municipal League distributed upwards of 300,000 pieces of literature in 1933, over fifteen times more than during any recent year.

The fear in the situation is that the bankers or the businessmen, the public officials or the political leaders, or other elements will attempt to serve themselves and the taxpayer—each according to his own interest and theory. Each group becomes a jack-of-all-trades, and with magnificent audacity, attempts to remake an intricate, powerful social engine without either blue-prints or experts' tools. The job shouldn't be botched through either self-interest or ignorance.

The way to prevent this—the only sure, effective way—is to place in the hands of the whole people all available information on local government reorganization and administration. There are scores of institutions and organizations operating in the field of local governmental administration, discovering new methods, buttressing old facts, strengthening working principles. Shelves of such agencies are piled high with sound methods.

Other than the League there is no organization which can place this material in the hands of the whole people. And until the people themselves understand and desire real local government reorganization, the splendidly conceived plans of experts will gather dust on the shelves.

Whether or not sufficient funds will be secured to permit the League to do in 1934 all that is expected of it is yet to be determined. But if awakened public interest and increased social need is an accurate indicator then it can help make greater progress this year than during the preceding generation in closing the enormous gap which has existed between what is known and what is practical in the field of local government administration.

The League wishes also to be prepared to furnish any group or community with full information on the best methods that have been worked out by any other community for solving any problem of local government.

It will offer the people of the nation a comprehensive course in local government during the coming months. This educational program or course will be carried on by radio, through newspaper and magazine columns, by the distribution of literature, formation of Citizens' Councils, and through public meetings.

The National Advisory Council on Radio in Education has allotted the League, gratis, a period of one half hour weekly on a national hook-up. The commercial value of the time assigned the League for 1934 exceeds $185,000. If almost any kind of commercial concern purchased that amount of radio time it would spend thousands of dollars on programs, in publicizing them, and in following up inquiries. The League, in lieu of adequate funds for such purposes, is doing its best to treat of the problems of the greatest existing agency for human welfare, an agency which does an annual business of over seven billion dollars—local government.

Another important part of the League's 1934 program, provided funds are available, will be the preparation and distribution of a weekly clip sheet service, to be sent to five thousand or more newspapers. This sheet will carry news stories, feature articles, and editorial material on topics concerned with local government problems of finance and reorganization. Newspaper editors have expressed an increasing interest in a service supplying them with unbiased information concerning developments in state and local government.

For forty years the League has been doing valiant John-the-Baptist work in the local government field—always performing miracles on small budgets and in some manner meeting every crisis which has faced local government during that period. It will meet the present sweeping crisis if civic-minded leaders who have a social as well as a financial stake in our nation will come forward and help it carry to the people the new truths and methods in government administration which scientists, students and able officials have worked out; to make clear to all citizens that these new truths and methods place no restrictions upon the fundamental and important principle of government by consent of the governed, and of the right of the majority to prevail; and finally, to help the whole public understand the methods by which government can meet its first duty—that of operating as honestly, as fairly, and as economically as possible.

Regardless of the extent or amount of public interest or public need for such a program it must be planned, directed and financed. It won't just *happen* to get launched—nothing of this kind ever just *happens*.

HERALD
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ATION
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The Daily

HEADLINES

Unpaid taxes in Toronto, says an *Open Letter* by the Bureau of Municipal Research of that city, have gone up from $5,420,980 in 1924 to about $11,000,000 at the beginning of 1934, and the bureau reaches the not unreasonable conclusion that "something must be done." As a starter it suggests (1) centralized purchasing, (2) consolidation or coördination of parallel departments, (3) improved budgets, (4) personnel studies. A nutshell program for many an American city.

* * *

From this same *Open Letter:* "A citizen's views, however sound, can hardly produce tangible results, if not expressed."

Yet politicians seem to get results with views that are mostly sound!

* * *

State legislatures last year passed more than 1000 bills on taxation, either to meet governmental costs, or provide new revenue, or relieve real property, according to Raymond E. Manning of the Library of Congress.

* * *

"Some day," reports the Little Rock (Ark.) *Democrat,* "taxpayers will learn that a surplus of counties is a greater economic loss than a surplus of any crops."

* * *

Without waiting for the New York legislature to equivocate further over Governor Lehman's county-reorganization message, Westchester County, containing many of the more destitute governments in New York City's wealthy suburban area, takes definite steps toward reconstituting itself. This is permissible under a special law of 1922, giving the county a wider modicum of self-government than most. A committee of the county board of supervisors is already working on a new charter program.

As to Governor Lehman's state-wide reorganization proposal, the legislature faces a familiar dilemma: how to do something about it without getting anything done.

* * *

Binghamton city manager reports $250,000 less expenditures than appropriations for 1933; also a substantial cash surplus in the treasury. Factors in bringing about this rainbow condition: conservative budget estimates, judicious spending, and "splendid response of citizens during the depression in meeting their tax payments."

* * *

The *League Script,* journal of the Minneapolis Teachers' League, devotes its February issue to the consideration of fundamental reorganization plans in local and state governments, using material describing local efforts in this direction from all over the nation that might bear on Minnesota. Public service journals everywhere might follow this example, vastly to the profit of their constituents. Never was a time when so much of this kind of material was so available, and never the time when it so needed to be put before the people.

Elmira, N. Y., Asbury Park, N. J., Ashland, Ky., and Paducah, Ky., commence the new year under the manager plan of government as also do Albemarle and Henrico Counties, Va.

* * *

Cuyahoga County, Ohio, which includes Cleveland, clamors for a more centralized financial control. At present 103 separate taxing units in the county submit their own annual budgets.

* * *

The debt service of Dayton, Ohio, for purposes of flood control is said to equal the total annual operating expenses of Dayton's city government. Is this what they mean by "floating debt"?

* * *

Interest on tax anticipation warrants of the Rockford, Ill., schools have totalled $436,000 in the last ten years—sufficient, it is claimed, to have allowed for the construction of two new school buildings. A little tax anticipation is a dangerous thing.

* * *

The battle between public and private ownership of public utilities wages unabated, with present honors somewhat in favor of private control. Recent proposals to build municipal electric light plants were favored by the voters in Camden, N. J., and San Francisco, Cal., but rejected by them in Youngstown, Portsmouth, and Cincinnati, Ohio, and Salt Lake City, Utah. Birmingham, Ala., citizens voted against municipally-operated light and power plants, against the city's acquiring the local water supply system, against a central steam heating plant, and against public ownership of the street car system, all in one election.

* * *

To clear at least some of the haze from a very foggy situation, Millar's *Housing Letter* is making a nation-wide effort, by questionnaires and direct correspondence, to learn exactly to what extent the various municipalities of our country are engaged in the kind of social surveys Secretary Perkins of the Department of Labor advocates, as a basis for a constructive national housing program. Briefly, is the federal housing effort a thrift or a spendthrift campaign, the editors want want to know.

* * *

Cincinnati finishes the fiscal year of 1933 not only free from deficit but with a surplus of $942,000. The city council has held budget appropriations for 1934 to $14,659,787, or $127,527 under last year, even though employes are being repaid $50 a year, cut from their pay in 1933.

While liquor taxes and an unexpected balance from the sewer fund of Hamilton County were indubitable factors, application of practical business methods under a city manager administration are held to be mainly accountable for Cincinnati's fortunate financial position.

Turning Knowledge Into Votes

Telling voters what the experts know; a step towards expert government

WILLIAM ALLEN WHITE *Editor, Emporia (Kan.) Daily and Weekly Gazette*

THIS is a day of salvation by organization. More than three thousand lay organizations of taxpayers are struggling with the tax problems of their local governments. Most of these are trying to commit their governments to a policy of sanity in tax spending. A large number are devoted to "public economy," by which they mean keeping the tax levies as low as possible. Others are trying to induce citizens to pay their taxes promptly. A few discourage the paying of taxes at all.

Most of these bodies began their work on the assumption that the administrators of our local governments, and not the governmental structures themselves, were responsible for the high expenditures in public service, and that taxes therefore could be lowered by causing discomfort to the office holders. It promises well for American democracy that large numbers of our amateur tax reformers are discovering their mistake before it is too late. The term "tax striker" is not so popular as it was three years ago, and tax cuts are coming to have an unpleasant connotation. Lower taxes are desirable as ever, but a few uncomfortable experiments have shown the American people that it is wiser not to starve the public service, but to see hereafter that we get the worth of our tax money.

These are some of the more obvious difficulties that the three thousand organizations of amateur tax reformers are attempting to attack, in accordance with their own lights and with such local leadership as they can find. They make a confusing picture, possibly, as they mill around at cross-purposes, sometimes the tool of the idealist and at other times the prey of the politician. Nevertheless they are focal points in the regeneration of our decrepit structures of self-government. They have local influence, and the effect of that influence on every phase of the situations with which they are dealing, from bond issues to sanitation, depends on the information at their disposal as to successful practice in other localities.

The more the present debacle in local government is examined, the more it becomes apparent that their difficulties begin, not with the unwillingness of the American voter to do his part, but with his ignorance of the great strides we have made in the science of local government in America during the past few decades. We are shackled by our past. Research libraries and governmental organizations have shelves filled with tried and proven methods of rendering efficient public service to the people. The great need today is to clear these shelves, to get their treasures of practical guidance into the hands and minds of our citizens. Conviction of their merit will breed desire for their trial. The success of any community can be made a stepping stone for progress in every other community.

Dissemination of facts about the proven dangers of tax reduction by main strength instead of by analysis, would have saved this country in hard cash as well as in distress of mind and body during the past three years. Much of the discussion on cutting the costs of local government has been pure sound and fury without permanent significance. Meat-axe methods are not likely to succeed in government any more than in surgery. The services of local government are essential. They are our life's blood. The waste due to archaic administrative machinery is not, but we cannot slash blindly at both and call the result economy. The danger is that uninformed enthusiasm which characterizes so many thousand attempts at local reorganization will only result in letting our ancient local governments return, crippled, to the old wasteful ways.

WAYS AROUND DEFAULT

As an example, consider what could be done to forestall the impending bankruptcy of many American cities and counties, if the best methods developed in any one locality were put at the disposal of all the others. There are more than two hundred thousand local units of government in the United States. A comparatively small number are in actual default. Many times this number are in technical default. Only a few are in healthy financial condition. Outstanding municipal bonds of the country, with a par value of eighteen and a half billion dollars, have a market value at present of only twelve and a half billion—a loss of six billion. This appalling condition simply has been revealed by, not caused by, the depression. Waste and obsolescence that characterize local public administration are the main causes. Tax anticipation warrants, scrip, closed schools, badly kept streets, highways and public buildings, unpaid public servants, and defaults on bonds, are their birthmarks.

But there are bright spots in this morass of local government—white lights that point the way out. Cincinnati's bonds still sell at a premium, her fiscal years still end with a surplus, yet her tax rate in 1932 was the lowest of any city of her class. At the same time Cincinnati ranked among the highest in relief work, in fire and police protection and in the manifold public services for which taxes are levied; and her school term has not been shortened.

CINCINNATI SHOWS THE WAY

Cincinnati has been much publicized of late for her success in coping with depression conditions in government. Yet it is not the only city to have found a solution. Others have reached success through different methods. None of them used magic, or any other means that are not open to any intelligent electorate. Cincinnati's success is offered in evidence that the means to progress are an actuality, if the American people can be persuaded to avail themselves of them. Hundreds of municipalities are experimenting with new basic forms of government, with improved budgeting and accounting systems, with new methods of relief, highway improvement, education, sanitation. We should do more with the results of these experiments than file them in official reports, or describe them in political science meetings. They should be broadcast to the nation at large.

The most effective way would be to expand the facilities of an organization already serving this field. The National Municipal League is rendering distinguished service in the professional field of civil government. It should extend its services to reach also the mass of the voters upon whose understanding our civil servants finally must rely. This is a step that would reinforce the very foundations of democracy in America. By such reinforcement government might become a source of strength in such industrial routs as we have been facing, instead of an additional weight.

Causes and Effects of Deterioration in Municipal Credit[1]

A banker reviews our municipal financial troubles and suggests remedies

JOHN S. LINEN

Second Vice-President, Chase National Bank, New York City

IT HAS been a favorite pastime of some, shall we say, lazily-minded individuals to lay all of the blame at the door of inefficient administration and extravagant and wasteful expenditures on the part of public officials. Such extravagance and inefficiency, we must admit frankly, exist under the Amer-can system of municipal government n many more instances than we are proud to acknowledge. The severity and long duration of the depression have played their part in correcting to some extent these conditions. The taxpayer has also, during the past two or three years, found it much less convenient to meet his taxes, which, in more prosperous years, caused him little concern. This has developed a consciousness on he part of the taxpaying public which s producing a very wholesome effect on administrative bodies.

Those who are in touch with municipal conditions generally, however, well know that there are many municipali-ies at the present time which are facing erious financial difficulties where the accusation cannot fairly be made that wasteful expenditures and inefficient administration are responsible for the mbarrassments of today. It is, to my mind, important that the public shall not ignore other fundamental errors and lay at the door of mismanagement all of the ills which now present themselves.

It seems almost unnecessary to mention the additional burden which has been placed upon municipalities in meeting relief demands at a time when they could least afford such expenditures. Apportionment of federal funds has tended to reduce substantially the amount of money which must be allotted by municipalities for this purpose in many instances, and it has been well for our social structure, as well as the acute financial conditions with which some of our municipalities have had to deal, that this federal assistance was available.

TAX COLLECTIONS VERSUS SHORT TERM LOANS

Delinquent taxes is a subject upon which I shall not attempt to dwell at great length, but I cannot justify ignoring it in any discussion of the causes of deterioration in municipal credit. It has been the practice of a large majority of municipalities to borrow to some extent against current taxes, and to a less extent against delinquent taxes. In prosperous days such financing was relatively easy to arrange. With changed conditions, however, the market for such paper has become greatly restricted. The indisposition on the part of the local banking institutions and other buyers of short term paper, to purchase obligations issued against current or delinquent taxes, has been particularly unfortunate for municipalities because of the greater need for such borrowing at a time when tax collections were falling off. A vicious circle develops in this connection as the inability on the part of the municipalities to collect in satisfactory ratio, makes their tax paper less attractive to the prospective buyer. Thus, at a time when such borrowings are most needed, the security offered is less appealing to the purchaser.

---

[1] Address delivered at the National Conference on Government, Atlantic City, N. J., November 10, 1933.

According to a report of the National Tax Association issued about a year ago, it was quite clearly pointed out that vacant lots were responsible for a substantial percentage of the liens which were sold at tax sale. In many cases improvements had been made and the cost in substantial part assessed against such property. It is significant also that the report referred to dealt with tax liens which were sold in the year 1929. The percentage of the total tax liens sold which represented liens against vacant lots were, according to this report, as follows: Syracuse sixty-five per cent, Buffalo seventy-five per cent, Utica eighty per cent. This, of course, does not mean that the total delinquencies in these cities were heavy, but represents the percentage of such delinquencies, responsibility for which can be laid at the door of vacant lots.

WAIVER OF PENALTIES

I believe we should also take note of an argument which is being quite competently sponsored and advanced for the purpose of encouraging payment of delinquent taxes.

This argument is that taxes which are now delinquent will be paid in greater volume and with more satisfactory net results if present penalties applying are waived for a short period. With the need which exists today for additional tax income, this argument is a very appealing one, as it is probably true that greater collections will be possible within a limited time under such a plan. Before a definite policy is decided upon, however, there are other questions to be considered:

1. Is it fair to those taxpayers who have paid their taxes promptly to permit other taxpayers to pay at a much delayed date without any penalty or interest for the period of default? Not all taxpayers who have paid promptly have done so without difficulty and hardship to themselves. On the other hand, there are a goodly number who have not paid who could do so with far greater ease than many who have. It is important that the public sympathy of the conscientious citizens shall not be alienated by practices which discriminate against them unfairly.

2. If relief is given to delinquent taxpayers and not accorded in equal fashion to those who pay their taxes promptly, will not many who have been in the habit of paying promptly deem it to their advantage to be less prompt in the future?

There are, of course, individuals today who are definitely not able to pay their taxes, and where the enforcement of the same involves ejection from their homes, as great leniency should be shown as is practicable. We know from experience, however, particularly where penalties for the non-payment of taxes are relatively light, that many people who can pay do not do so, preferring to pay the penalties so that they may use the money with which they might have paid their taxes, for other less necessary, but more convenient, purposes.

The *Bond Buyer* in August 1931 commented on this general subject as follows: "Acceptance of bonds for taxes and laws extending delinquent dates, removing penalties, or waiving interest on unpaid taxes, merely reduce the incentive to pay and prolong the period of bond default. This, of course, is exactly what the unwilling taxpayer wants."

OPERATING AND ACCOUNTING PRACTICES

Municipalities operating under conditions where it is next to impossible for many of them to arrange for short term borrowing accommodations, must recognize the necessity of rather radically reforming operating procedure which in the past may have proved quite satisfactory, but which today is unworkable. This involves a revision of accounting and budgetary practices and a synchronization of income periods with expense requirements so that a cash working basis can be put in operation, if not immediately, in the near future. I would be unfair to municipal governments if I did not point out the difficulty of putting such changes into immediate effect. Municipal procedure is sufficiently complex as to make such revisions overnight impossible. In many instances state legislation is necessary if desirable changes are to be made effective. Even with the legislation accomplished, the ability of the taxpaying public to adjust itself to such a radical change as may be required in advancing tax dates, the inauguration of more frequent collection periods, etc., must be carefully weighed and considered.

LOCAL BANKING ACCOMMODATIONS

There are many municipalities which have, of course, been embarrassed because of local banking conditions. In some cases such institutions, which in the past have given substantial short term accommodations, have, for one reason or another, been disinclined to do so during the past year. In other cases bank closings have not only eliminated such institutions as a borrowing medium, but have actually tied up public funds which have been accumulated to meet specific obligations. I know of several instances where municipalities have had money on deposit with which to meet bond obligations a few months prior to maturity, only to find that the money which they had expected to use was not available. Individuals and business corporations have encountered the same difficulties and investors should make allowances for such unforeseen occurrences before judging the municipality's good intentions too hurriedly. While we are comparing the experience of individuals and municipal governments, it may be well also to suggest to those who have been inclined to sharply criticize public and municipal extravagance during the more prosperous times, that they ask themselves the question as to whether they were not inclined personally to spend somewhat more freely than their judgment today, because of more recent experience, would acclaim as entirely wise. I honestly believe there are a great number of administrative bodies which are in difficulty today because they were traveling along with the general spirit of optimism which simply reflected the large concensus of popular opinion and because they responded to the demands of more prosperous times. In fairness to such officials we should recognize that their honesty and good faith were not involved. The responsibility is now, however, placed squarely before the administrative officers. Individuals have had to adjust their standards of living and their expenditures to present-day conditions. Public expenditures should be adjusted downwards where possible in keeping with these demands.

We might with profit note that the cities throughout the country which have had the least trouble in dealing with operating conditions and maintaining a balanced budget have followed the practice of setting up appropriations or their expenditure budget only in the amount of actual receipts, which can be reasonably anticipated based on the experience of the preceding year, instead of against the full income budget.

LEGISLATIVE PROVISIONS

Our theory of municipal government in the United States does not, generally speaking, provide wide discretionary power to the administrative bodies. It is probably wise that this is so, as our elective system does not surround us with any satisfactory safeguards to give assurance that those who might be charged with such discretionary powers are sufficiently experienced or competent to exercise them. There are exceptions, of course, the city manager form of government, when free from outside influences, probably most frequently justifying confidence that a broader power might to advantage be placed with municipal officials.

In passing, it is somewhat illuminating to note the background where legislation was encouraged which has proved quite efficacious as compared with the less fortunate enactments. California, when drawing up its laws relating to municipal government and fiscal matters in 1901, had the advantage of observing what many eastern states had found to be good practice through actual experience. Because California was astute enough to profit by the experiences of others, it stands today in an enviable position as far as the finances of its municipalities are concerned. The same cannot be said for its irrigation districts, but I am not attempting to deal with purely special assessment bonds in this discussion. There are, of course, many other states where really serious fiscal problems by any large number of its municipalities are rare or are restricted to such a limited number as to make them isolated cases.

Turning to the less fortunate of our more conspicuous states, we find New Jersey and North Carolina in the forefront. These states revised their municipal laws, New Jersey in 1916, and North Carolina in 1921. Such legislation showed the influence of changed credit conditions that then prevailed and broadened the powers to borrow in keeping with the demands for improved and increased governmental service. In justice to the original legislation it should be added that amendments, supplemental bills, or special acts never intended or favored by the original sponsors were passed which greatly weakened the provisions of the law. The temporary bond act in New Jersey, which was intended as an emergency measure to serve as a medium when interest costs were extraordinarily high, was later and is now responsible for many embarrassments to municipalities which ought never to have existed. The right of private sale under this act resulted in many municipal bodies being persuaded by interested parties to sell temporary bonds for permanent improvements when long term financing should have been done in the first instance.

If we are to benefit by experience, it will probably serve our purpose best if we consider a state which a well-known service agency has referred to as follows: "We know of no state-wide situation in the United States where there exists such a combination of high debts, huge tax delinquencies, and large operating deficits." I do not believe I need to tell you the state referred to is New Jersey.

WEAKNESSES IN PART RESPONSIBLE FOR PRESENT FISCAL CONDITIONS OF NEW JERSEY MUNICIPALITIES

1. The legislative authority which permits borrowing against delinquent taxes, tax liens, and emergency delinquencies has proved to be unfortunate. This has made it possible in prosperous times for municipalities to carry on without difficulty regardless of tax collections, because of their ability to borrow against uncollected taxes, and has also relieved pressure on the tax-collectors to collect taxes.

2. So-called improvement bonds, which in fact are regarded by the taxpayers as special assessment bonds, are

sold as general obligations of the issuing municipality. Such assessments are usually payable over a ten-year period, one-tenth each year. In spite of the uncertainty attending the payment of special assessment taxes, the present laws make no provision in the general tax levy for these maturing bonds. Herein lies one need for emergency delinquency borrowing which should be eliminated by the installation of more sound budgetary practices.

3. With the relatively light penalty levied on delinquent taxpayers, experience has proved that there is an insufficient urge to pay taxes to produce a fair ratio of collections even in prosperous times.

4. The present power of tax-collectors to complete settlement of the tax roll in a reasonable time is not such as to assure collections of delinquent taxes even when they have run for a considerable period.

As a result of a recent survey made by the Municipal Securities Service covering cities, boroughs, towns, townships, and villages in New Jersey having a population of 10,000 or over, it is reported that the aggregate of delinquent taxes for such municipalities as of December 31, 1932, for the years 1930 to 1932, inclusive, are as follows:

1930	$ 72,046,540
1931	90,038,871
1932	117,366,992
or a total of	$279,452,403

Thus, unpaid taxes at the end of the year 1932 for the prior three years equals approximately fifty-nine per cent of the aggregate tax levy for 1932 of the various municipalities involved. Recent tax drives in particular cities have been quite successful in improving collections of delinquent taxes. The publicity attending such drives, however, in some cases has disturbed the confidence of investors with the result that the credit position of the communities has been adversely affected.

PROMPT REMEDIAL ACTION NECESSARY

While there has been a knowledge of the increasing seriousness of the financial problems of New Jersey municipalities, as far as legislative action is concerned, with the exception of the Stout Bill passed last month, possibly better known as the Receivership Tax Bill, little has been done. These conditions can no longer be ignored if even more serious conditions are to be averted. Much time has been spent in the preparation of a new bond bill and a new budget bill. While they will not deal with all of the problems with which New Jersey municipalities are faced, they will tend to correct many of the unsound practices which are in vogue. These bills might have been and should have been passed months ago, but the bills are not yet a part of the organic law. There is a definite need today for competent and intelligent leadership and the enlisting of support for such leadership in both the state legislative body and among the officers of municipalities. This is needed if the legislative proposals are to be acted upon favorably and with dispatch. The responsibility rests upon every member of the legislature in this respect.

In addition to my confidence in the general good faith of the large majority of American municipalities, I am encouraged by the belief that the very acuteness of the present conditions will hasten legislative action and administrative changes of a character which will of themselves produce fiscal operating policies and standards far superior to those commonly in vogue today.

Therefore, I would leave you with the urge to work for such legislative and administrative changes as are necessary more aggressively than ever before. I would also leave you with the hope, which must be matched with action, that the present time shows real promise of success because of the acute financial conditions to which I have referred.

The Present State of Municipal Credit[1]

Tax delinquencies and new administrative ideals combine to change the picture in the municipal bond market

SANDERS SHANKS, JR. — *Editor, The Bond Buyer*

During the ten-year period beginning with 1922 and ending with 1931, states and municipalities floated security issues having a par value of $13,572,761,214, or at the rate of $1,357,276,121.40 each year. The condition of the market for municipal securities during that period was such that this huge aggregate of loans, bearing coupon rates of from three and a half per cent to six per cent, were sold quite readily to investors at or close to par value. A record of the average market prices of the bonds of twenty large cities as of the first of each month during this same ten-year period furnished an index to the rate at which the typical city, county, or smaller unit of good credit was able to borrow capital. At the beginning of 1922, this average basis price (or interest cost to the borrower) was about 4.40 per cent. In the succeeding seven and a half years this average interest cost was never greater, while at times loans were negotiated at an effective net interest rate of less than four per cent. In 1929 municipal bond prices broke sharply with the stock market, but quickly recovered and went to a new high in the spring of 1931, when the average interest rate was only 3.75 per cent.

During that remarkable period of easy money, no one ever talked about unbalanced budgets, payless pay-days, or defaults, or inquired about tax collections. Occasionally, some particularly offensive borrowing proposal would come in for criticism and, perhaps, fail to find a market. On the whole, however, states, counties, cities, towns, villages, and a hundred different types of districts in forty-eight states (except Florida after the local boom had collapsed) found the market ready and generally eager to buy their bonds at prices at least high enough to constitute a legal sale, and frequently on such attractive terms as definitely to encourage borrowing.

This was a period of great expansion in local government. The voters were demanding new and better roads, more school houses, public parks and playgrounds, sanitary sewer systems, and hundreds of other facilities and services, which cost money to acquire and more money to maintain. Bond issues to cover the capital costs were freely authorized in the belief of prosperous, optimistic taxpayers that the burden of these loans, spread over ten, twenty, or thirty years, could be carried without strain. It was during this same period that the overlapping special district became a popular agency through which to finance some of the more ambitious types of public improvements. The fact that long before the end of this period had been reached debts were increasing much faster than taxable property values or population, was almost completely lost sight of in the hysteria of the final stages of the speculative bubble which burst in 1929.

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[1] An address delivered before the National Conference on Government, Atlantic City, N. J., November 10, 1933.

THE RISING BORROWING RATE

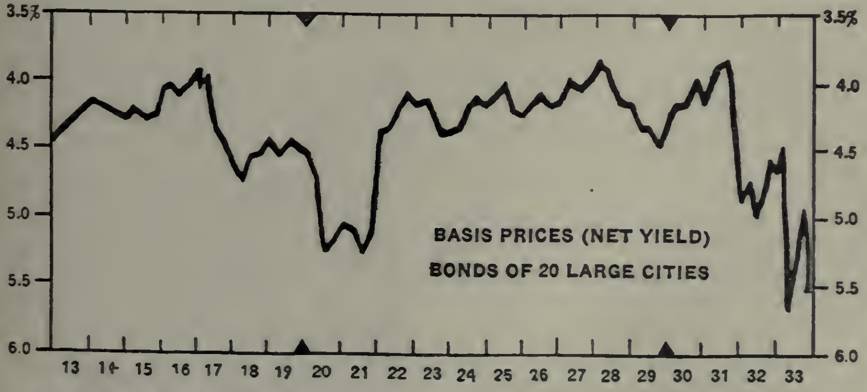
So much for that picture. Now we look at the period beginning the latter part of 1931 and on down to date, roughly the past two years. The municipal bond price index just referred to tells the story. In contrast with the 3¾ per cent borrowing rate of the spring of 1931, we find an average rate of almost five per cent recorded in the closing months of that same year and that trend continued on through the five per cent level in early 1932. Following a slight recovery during the latter part of 1932, the rate moved abruptly upward again with the banking crisis in March of this year, and about May 1 the index read almost 5.75 per cent as against 3.75 per cent just two years earlier. In the last six months there has been a substantial improvement, but on November 1 of this year the index was still above five per cent.

The violent disturbance of the bond market in October 1931 had an immediate effect upon the volume of borrowing. A month-to-month record of new issues of state and municipal bonds, beginning with that month, reflects this rather accurately. In that month only $18,000,000 of new loans were floated as compared with $119,000,000 for the preceding month and $158,000,000 in October of 1930. The total for the full year 1931, while large, was smaller than for any one of the preceding seven years. In 1932 the contraction of the volume of new borrowing continued. Not including funds advanced by the R. F. C., the year's total was $806,587,068, a reduction of 40 per cent as compared with the 1922-31 yearly average. In 1933, to November 1, and again omitting R. F. C. and P. W. A. loans, the total borrowings have reached the abnormally small total of only $373,889,064, a reduction of about 66⅔ per cent as compared with the 1922-31 yearly average.

CONTRACTION IS GENERAL

This contraction has not been due to reduced financing in any one state or group of states; it is general throughout the country. For example, in 1926, a typical year, California borrowed $100,000,000 in the municipal bond market. This year, in ten months, her total is

MUNICIPAL BOND PRICES



Compiled by the Bond Buyer

$24,501,000. Florida, in that year, swapped $41,000,000 worth of city, county, and district bonds for almost an equal number of northern dollars. So far this year new Florida bond issues amount to exactly $150,000. Other examples taken at random, and omitting Federal Government advances in each case, are:

	1926	Ten months of 1933
Illinois	$ 45,000,000	$ 4,547,700
Michigan	67,000,000	1,571,892
New Jersey	95,000,000	16,672,244
North Carolina	44,000,000	60,000
Ohio	70,000,000	9,634,483
Texas	37,000,000	1,062,197
Maryland	26,000,000	10,774,750
Massachusetts	29,000,000	26,843,300
New York	225,000,000	125,009,455
Pennsylvania	143,000,000	17,867,740
Virginia	15,000,000	1,455,500

Generally speaking, the condition of the bond market for two years has been such as to prevent the issuance of new securities in anything like normal volume. In contrast with the broad market enjoyed by states and municipalities in virtually every state until about two years ago, we now find a highly selective market in which investment dealers and their clients are exercising the utmost caution in the purchase of securities.

The bond market, however, is not alone responsible for the contraction in municipal credit operations. The principal reason why the majority of states, cities, and other local governments are borrowing no new money is that the taxpayer refuses to assume additional debt burdens. It is also quite generally true that either technical legal limits or the practical limit of capacity to support debt burdens has, in too many instances, been reached or even exceeded. Figures might be cited here showing how total bond authorizations have fallen off, but it may be assumed, I think, that no evidence of so obvious a fact is needed. Except to the extent that the Public Works Administration may see fit to finance new local governmental improvement projects, the outlook points very definitely to a period of severely reduced municipal debt-making, the duration of which will, of course, depend upon the extent and rapidity of the economic recovery of the country.

CONDITIONS VARY SECTIONALLY

A survey of the financial condition of municipalities in the different sections of the country suggests that the forty-eight states may be very roughly classified in three main groups:

The worst picture is that of four states in which municipal credit so far as the bond market is concerned has been completely destroyed. Of these, three are in the south and the other in the middle west.

The second group embraces fifteen states wherein there has been a serious failure of public revenues and numerous defaults, but where individual counties and cities still enjoy reasonably good credit. In the third and largest group are included the remaining twenty-nine states in which there have been few defaults, where the record of tax delinquency has not been so bad as to cause alarm, and where municipal debts on the whole are moderate even viewed in the light of reduced assessed valuations. In these more fortunate sections, there is today a market for such new issues of bonds as the state and their political subdivisions desire to sell. In fact, there are a few states, cities, and counties which are today able to borrow on the best terms available in over twenty-five years.

DEFAULTS

A great deal has been said in recent months about defaults on municipal bonds. Probably no one knows how many municipalities are in default at this time. Various estimates which have been made are far apart. Statistics on this subject, admittedly incomplete, are not of great value. With respect to defaults on state bonds and bonds issued by the larger cities and counties, the

SUMMARY OF MUNICIPAL BOND DEFAULTS
As Reported to *The Bond Buyer*
(Revised to Dec. 1, 1933)

1930 Population Group	Counties	Cities and Towns	School Districts	Other Districts	Total
30,000 or more	87	26	28	20	161
10,000 to 30,000	160	76	45	15	296
5,000 to 10,000	39	73	24	15	151
Less than 5,000	17	469	203	10	699
Total	303	644	300	60	1,307

(NOTE: Six states, Florida, North Carolina, New Jersey, Ohio, Texas, and Michigan, account for 859 of the total number of defaults. Other states in which defaults are numerous are Kentucky, Missouri, and Tennessee. No defaults have been reported in the following states: New Hampshire, Rhode Island, Vermont, Delaware, Maryland, Nevada, and West Virginia.)

record is reasonably complete. As of a recent date, twenty-six cities having a population of thirty thousand or more were on the default list, and in about half of these instances a coterminus school district was also reported to be in default. The number of counties in the same population group on which default reports had been received was eighty-seven. Of the forty-eight states, one has deliberately broken faith with its creditors, and in the eyes of the investor must be classified as a repudiator. This state, Arkansas, has already been haled into the United States Supreme Court by a sister state holding a substantial block of the defaulted bonds. Other creditors are also vigorously prosecuting their claims.

It has recently been estimated that about $200,000,000 of principal and interest payments on the entire outstanding state and municipal debt of the country is now in default. This figure, in the writer's opinion, is conservative. It amounts to about one year's interest and installment payment on the principal of the total estimated bonded debt of all municipalities reported to be in default as of a recent date. But even though we concede that the amount is understated, the showing is not bad when it is considered that the total gross state and municipal indebtedness of the country is approximately $19,000,000,000, on which the annual charge for interest and redemption of principal is probably not less than $1,500,000,000.

TAX LIMITS

Having a very definite bearing upon the present state of and the outlook for municipal credit in the future is the enactment of tax limit laws such as have been approved in Michigan, Ohio, West Virginia, Indiana, and other states. The municipal bond buyer is not interested in a bond supported by a limited taxing power.

So far this review of the subject has made rather unpleasant reading. There are, however, some favorable aspects. First, and of the greatest importance at the moment, is the improving trend of tax collections. This is not yet general in all sections, but reports from a number of cities are very encouraging.

Another encouraging factor is the absence of any tendency on the part of insolvent municipal debtors to repudiate their obligations or take advantage of technical legal flaws to escape payment. It is to be hoped that failure of debtors and creditors quickly to reach readjustment agreements will not lead to widespread repudiation.

Another favorable aspect of the municipal credit situation is the very considerable extent to which cities and other governmental units have reduced governmental costs through economy and greater efficiency. Only yesterday, for example, a report of the St. Louis

(Continued on Page 106)

Federal Legislation to Help Defaulting Municipalities[1]

Analysis of the proposed Sumners law to improve municipal debt adjustment

E. FLEETWOOD DUNSTAN

Chairman, Municipal Securities Committee, Investment Bankers Association of America

WE ARE all impressed with the fact that the matter of deterioration in municipal credit is of great concern to the nation. It should be. Local government must be preserved. The President of the United States has only recently called our attention to the fact that the greater part of government as it affects our daily lives is our local government. We must not let it break down. What are we going to do about it?

First, it is necessary to give Mr. Citizen the very best possible kind of government at the least possible cost. In the last year or so there has been aroused in him a very keen desire to know more and more about his local government. Take advantage of this receptive mood for information! He will be a more willing supporter of his government. Then we shall have to go after the collection of taxes. We are going to hear the term "tax slacker" or "tax dodger" more and more frequently, and it is not inconceivable that in time it will be very unpopular in this country for a man not to pay his taxes.

The long upward curve of mounting *local* taxes was halted in 1932. We have a decided drop for this year and the indications are that our citizens will have still less assessment upon them for 1934. As the storm of depression hit us, there was a compelling need for retrenchment and elimination of all waste; and every municipal administration has faced the problem of reducing governmental costs. Generally speaking, the problem has been met courageously. In spite of this retrenchment, however, some of our municipalities have not been able to keep step with this unprecedented period of deflation. Many are in default on their obligations and many more have slipped close to the thin edge of temporary insolvency. Intelligent and friendly coöperation between officials and creditors is at once necessary. It has been my observation that in almost all cases where relief has to be given, it is of a temporary nature only.

It has been possible time and time again to evolve a plan of adjustment which is satisfactory to the city and a majority of its creditors. Usually all that is necessary is a judicious refunding of debt. If the plan could be promptly consummated, it would be the means of a rapid improvement in financial stability. Unfortunately, the plan may be blocked by a few creditors. In fact, one creditor may successfully oppose it. Under our present laws it is necessary to prevail upon one hundred per cent to effect a successful refunding plan. So far, a great majority of investors in municipal bonds have shown a sympathetic interest in the financial condition of municipalities and have readily accepted new securities where there was an apparent evidence of good faith and actual ability to pay in due time. In virtually every instance, however, the city finds that a small percentage of bond owners "holds out" for payment in full. Some of these may be trustees whose technical legal position does not permit them to take less than one hundred cents on the dollar with no postponement, even though, acting for their own personal account, they would do so. Selfishness will always dominate the motives of a limited few, and these few will want their "pound of flesh." Then, too, it is not always possible to contact all the creditors. For one reason or another they cannot be located.

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[1] Address delivered at the National Conference on Government, Atlantic City, N. J., November 10, 1933.

DIFFICULTIES OF UNANIMOUS CONSENT

It is not practical to operate under the present system which requires one hundred per cent approval. It causes embarrassment to the municipality and jeopardizes the best interests of the large majority of its creditors. It was for this reason that Congress was asked last spring for corrective legislation in the form of the Sumners Bill, H. R. 5950. It passed the House on June 9 and, as the Fletcher Bill, S. 1865, is expected to be considered at the regular session of the Senate, beginning in January. The purpose of this bill is to give the federal court the right to compel the small minority to accept the same treatment which the majority has agreed upon and which is believed best for both the municipality and its bondholders. It is designed to correct outstanding defaults and to actually prevent an anticipated default.

Unfortunately the Sumners Bill has been erroneously called a bankruptcy bill by reason of its being offered as an amendment to the Federal Bankruptcy Act. A city cannot become a bankrupt under its provisions, discharge itself of all its obligations and start again without debt. It does not necessarily mean that the creditors will be compelled to compromise their claims or sustain any loss. *On the other hand,* there is no compulsion on the part of the *municipality* to act under the provisions of the bill. If the municipality comes into court with its creditors, it does so voluntarily. The bill provides a forum, namely, the federal court, where the creditors and debtors with competent legal counsel may meet to adjust their differences.

SAFEGUARDING THE CREDITORS

The mere declaration by a municipality of its inability to pay is not in itself sufficient warrant for the initiation of court proceedings. The opinion of creditors as to the city's inability to pay must be established to the court's satisfaction before it authorizes the proposed proceedings. To this end provision is made for the approval in writing of those owning not less than thirty per cent of the debt outstanding before the court will hear a municipality's petition. This percentage is deemed a barrier sufficiently high to discourage dishonest administrators from attempting to utilize the new court machinery for the purpose of evading their just responsibilities.

Nothing within the field of practical economics or principles of municipal government exists that should prevent the owners of thirty per cent of the city's obligations, or their representatives, from speedily determining the cause of the default, the ability of the municipality to pay currently and in the future, and the most practical way for the municipality to fulfill its obligations consistent with this capacity. These representatives as well as those authorized to act for the city must be governed by an honesty of purpose and by established rules of equity and justice.

The plan is presented to the court

with the approval of the municipality and the thirty per cent of its creditors. The court must then satisfy itself that it is fair, equitable, does not discriminate in favor of any class of creditors, is based upon reasonable capacity to pay, and is feasible. It may not be confirmed by the court until accepted in writing by creditors holding two-thirds in amount of claims in each class and three-fourths in amount of all claims affected. The legislation is designed to give relief and protection to both creditors and *taxpayers* of a taxing unit by an equitable composition of its entire debt if necessary, or of any single class of debt, such as temporary notes, improvement bonds, etc., or by a simple refunding operation. It does not presuppose scaling of principal or interest. It is merely designed for the orderly handling of municipal debts and to defeat selfish minorities.

AN AID TO STABLE CREDITS

I can see nothing in this proposal unfair to either the creditor or the debtor. On the other hand, it should help both. If passed this legislation will go a long way toward stabilizing credit conditions in the United States. It has been stated that there is at least two hundred million dollars in principal and interest on municipal issues now past due and that the total outstanding debt of those communities affected exceeds one and a half billion dollars. The market value of the bonds representing this debt has been terrifically depleted because the communities are unable to put through necessary reorganizations under our present laws. The bonds are quoted all the way from five to fifty cents on the dollar, but if it were possible to readjust their financial affairs, there would be an immediate increase of large proportions in the intrinsic worth of these bonds. We need to thaw this debt and clear away some of the debris left by the storm of the depression.

Municipal default not only brings distress to the bondholder who is often an institution acting in the capacity of a trustee, but the fact of default immediately starts a vicious circle of further and progressive impairment of market values (and, necessarily, in values for purposes of taxation) of real estate in the defaulting community. With it comes stagnation and extinction of equities through continued depreciation; a renewal of the threat of foreclosures; distressed owners, apprehensive of confiscatory taxation, "dumping" their holdings; and the elimination of the small home owner. The result is decreasing property values and tremendous impairment in tax collectibility. Only final settlement of the default will check the tide. Part of the damage to the tax structure is irreparable. Make no mistake about that! To fortify a municipality against further damage, an expeditious adjustment remedy is imperative.

Believing the principles of the legislation just outlined to you to be to the best interests of all concerned, the Investment Bankers Association of America recently passed a resolution urging its adoption. The resolution was sponsored by the Association's Municipal Securities Committee, composed of investment dealers who for years have worked closely with those of you who are administering the fiscal affairs of local government. Along with you, they feel they are schooled in the field of municipal credit.

NO ENCOURAGEMENT TO DEFAULT

The opponents of this legislation argue that it would encourage defaults in many cities which thus far have met their obligations and can continue to do so. I do not believe this will prove to be a result. It will not help the fair name of any city to go into court with its creditors. Certainly no municipality will wish to jeopardize its good standing and handicap its future operations. Remember, too, that thirty per cent of the creditors must consent to approaching the court in the first place. It is true that we sometimes meet with suggested refunding schemes of a political nature. These are promoted, without real necessity, for the purpose of manipulating the tax rate to the detriment in the end of the taxpayer. It is the plain duty of creditors to deny the refunding where conditions do not justify it or where the fiscal affairs of the municipality are being so operated that they are without assurance that the interest and principal on the refunding obligations will be met. There is nothing in the proposed legislation which will prevent these creditors from exercising their will and duty, except that they must act in *unison*. Therefore, there is no opportunity for a municipality to achieve through this medium any end other than that which accurately expresses the maximum of its ability to pay now and in the future.

Up to the present there has been a strong and active market at favorable rates for bonds of those municipalities which have properly maintained their financial position. It is the wish of all of us and the expectancy of most of us that it will continue. I heard one of those attending this conference use an expression, however, which should make us all stop and think. He said that one sound apple could not long remain sound in a barrel of bad apples. Let us get behind federal legislation for distressed municipalities so that all the apples may be wholesome. To a greater or lesser degree the responsibilities of the governing board of one municipality are the responsibilities, in form at least, of the great majority of others. Hence the investor in municipal bonds is inclined to feel that events which affect the value of the bonds of one community would eventually affect all municipal bonds. The administrative experience with the fiscal affairs of one city, therefore, is necessarily a matter of concern to administrators of all cities. Once it becomes an acknowledged fact that a municipality is experiencing an inability to meet promptly the payment of principal and/or interest of its outstanding debt, the effect on municipal credit in general accumulates adversely at an accelerating rate, as the period of default is prolonged and the number of defaults continue to increase.

To summarize: The proposed legislation is sound in theory. It was conceived by those having actual experiences with the problems of municipal defaults. It is endorsed by those schooled in the preservation of municipal credits and who have always and still do represent creditors. It is practical in its application and in my judgment when once in operation, it will be found to be most constructive in the prevention of defaults as well as in the restoration of credit after default occurs. Therefore, in its own way, it will aid in the program of national recovery. In none of its provisions does it lessen the urge for economy in municipal government, while in some it acts as a deterrent against a future repetition of extravagances in the cost of local government. In all its provisions it enables and requires the municipality involved to meet its present obligations outstanding to the limit of its capacity to pay now and in the future. Surely legislation designed to give relief and protection to both the creditor and the debtor with the approval of the plan by a federal court will promote the reestablishment of confidence in municipalities and thus their credit.[2]

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[2] Editor's Note: The present status of the Sumners Bill is summarized by Wade S. Smith in the "Taxation and Government" department of this issue.

New York City Cleans House

First reform mayor since John Purroy Mitchel launches administration of "experts" with brilliant promise

ROBERT H. CONNERY

Columbia University

A MONTH has slipped by since Fiorello H. LaGuardia was sworn in as mayor of America's largest city, but that month has been epoch-making. On January 1 of this year when Mayor LaGuardia took office, municipal government in the city of New York had reached its lowest ebb in a decade. There was every reason to believe that the corruption and graft exposed by the Seabury investigations of 1929-32 had not been eradicated. The finances of the city were in a sorry plight notwithstanding the so-called "banker's agreement" negotiated late last fall. The subway problem had come to a head following a decision of the Appellate Division of the Supreme Court holding that the city must place its municipally-owned subways[1] on a self-sustaining basis by September 10, 1935.

Faced with this situation Mayor LaGuardia has shown real executive ability during the month he has been in office. First, there has been a fairly complete house-cleaning of the Tammany heads of the nineteen executive departments of the municipal administration. They have been replaced with but few exceptions by men of outstanding merit in their respective fields.

Russell Forbes was named commissioner of purchasing and given a free hand to carry out such reforms as he thought necessary to revamp the city's purchasing system. Paul Blanshard, who had proved his investigative capacity as secretary of the City Affairs Committee, was named commissioner of accounts, with Irving Ben Cooper, able assistant of Judge Seabury, as deputy commissioner. Major General O'Ryan was made police commissioner; William Hodson, commissioner of public welfare; Langdon Post, tenement house commissioner; Paul Windels, corporation counsel; and A. A. Berle, city chamberlain, although, if the past month can be used as a basis for judgment, Berle's duties will be to act more as the Mayor's man Friday, than to exercise the slight duties that pertain to his office.

APPOINTMENTS NOVEL TO NEW YORK

The most novel aspect of these appointments is the non-political background of certain of the new men. True, Berle, Blanshard, Post, and Windels were prominent during the campaign, but Forbes and Hodson were distinctly outsiders, although no doubt sympathetic with Fusion aims. Even the appointments which might be termed "political" represent men who have some special qualifications for the office to which they have been appointed.

Already the results of these appointments are becoming visible. There has been a tightening-up of the law enforcing agencies. Police officials long in exile in suburban precincts because of their refusal to play politics with the

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[1] This refers to the Independent system, managed as well as owned by the city.

Tammany bosses have been brought back to important posts of command in Manhattan. A check of the city's accounts and records by the new Fusion officials has resulted in exposing some instances of petty graft and many instances of bad business practice by the last two Tammany administrations.[2]

The Mayor attempted to solve the financial difficulties of the city by requesting the state legislature to authorize him to reorganize the entire city administration with the power to abolish positions, unite departments, or create new ones, as he sees fit. In addition, he asked the right to cut salaries of city employes, or in the case of the teachers, the firemen, and the police, to require a month's furlough without pay.

THE LEGISLATIVE STRUGGLE

Governor Lehman refused to support the Mayor's proposed bill on the ground that inasmuch as it vested dictatorial power in the hands of the Mayor alone, it established a dangerous precedent. While such powers might not be misused by Mayor LaGuardia, the Governor felt that the bill might be taken as a precedent at some future time to confer similar power upon mayors in other cities in the state with disastrous results.

The Mayor in his reply charged the Governor with playing politics and attempting to obstruct reform in the city of New York. After some negotiations which made it apparent that both men were sincere in their point of view, the Mayor and the Governor got together in conference at Albany on Wednesday, January 10, and compromised their views without great difficulty. The sweeping powers requested by the Mayor for himself alone are to be vested in the Board of Estimate and Apportionment and their exercise requires the approval of at least ten of the sixteen votes. As the Fusionists control twelve of the votes on the board, this cannot restrict greatly the Mayor's desire for reorganization.

It is in the legislature that the Mayor's bill will have its hardest sledding. The Tammany members from New York City are mostly opposed to it, although there is some sentiment in favor of letting LaGuardia "stew in his own juice." Many of the Republicans are only lukewarm in its favor. In addition, the city's civil servants, especially the teachers, firemen and police, fearing pay cuts or furloughs are fighting the bill tooth and nail. A powerful lobby representing their interests is besieging Republican and Democratic members alike in an attempt to prevent its passage.

THE SUBWAY PROBLEM

The third major problem, the subway situation, came to a head between the time Mayor LaGuardia was elected and the time that he took office. His election platform pledged the continuance of the present five-cent fare. On November 17 the Appellate Division of the Supreme Court ruled that the city-owned subway system must be placed on a self-sustaining basis by September 10, 1935. It seems clear that the only way that can be accomplished is by raising the fare. The city cannot hope to operate its subway at a higher fare than the competing privately-owned lines, so an increase in fare on its system means an increase on all the subways in New York.

It is believed that if the city is able to unify the subways and bring them under its own management before that date, the people will not object to a raise in fare. With unification in view, Mayor LaGuardia appointed Chamberlain Berle to deal directly with the operators of the independent systems.[3]

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[2] For example, the granting of free passes for use of the city's ferries to persons not connected with the city government and the failure to bill property owners for special assessments dating back as far as 1926.

[3] It should be pointed out, however, that the administration has not given up hope of being

In another aspect the subway question is closely connected with the general financial situation of the city. Mayor LaGuardia has obtained the promise of a loan of $23,160,000 from the P.W.A. upon condition that the city balance its budget by February 1, 1934. Without the loan, extensions of the city-owned subway system in which the city has already invested over $150,000,000 cannot be placed in operation. These extensions would, first, cut into the earnings of the private systems, and second, increase the earnings of the municipally-managed system and thus place the city in a much stronger position in its negotiations with the private operators.

Thus within the first month of his administration Mayor LaGuardia has attacked the three major problems confronting him. Never in recent years has an administration been launched with greater promise.

The groundwork for the attack on Tammany was laid by the investigations conducted by Samuel Seabury acting as counsel for the Hofstader Legislative Committee during 1931-32. During the summer of 1933 a fusion movement was started by various city clubs interested in political affairs, aimed at uniting the independent Democrats and the Republicans against Tammany. On August 4 the nomination was tendered to LaGuardia and he accepted.

THE FLYNN-CURRY BREAK

Meanwhile in the regular Democratic camp, Edward J. Flynn, the Democratic leader in the Bronx, was attempting to persuade his fellow bosses that good judgment demanded a radical cleanup of New York's municipal government. There was already bad blood between Flynn and John Curry, the Tammany chieftain, because Flynn had supported Roosevelt and Lehman in opposition to Curry's wishes during the 1932 pre-convention campaigns. Now, when he urged the nomination of Joseph V. McKee, whose record as acting mayor for four months after the resignation of "Jimmie" Walker had been a dramatic as well as administrative success, Tammany turned him down.

At a conference held a few days after the nomination of LaGuardia as Fusion candidate, the New York Democratic leaders renominated Mayor John P. O'Brien. Mr. Flynn was conspicuously absent from this gathering. Even among the other Democratic leaders there was a distinct lack of enthusiasm for Mayor O'Brien.

Thus the campaign got under way in September as a struggle between LaGuardia of the Fusion-Republican ticket and O'Brien of the Tammany-Democratic machine. The choice presented a nice dilemma to the conservative Democratic voters. They were opposed to the re-election of Mayor O'Brien but equally dissatisfied with the nomination of LaGuardia.

It was only when the first week's returns from the *Literary Digest* poll were published late in September, showing LaGuardia leading O'Brien five to one, that Flynn realized the true extent of the revolt against Tammany. It was then apparent that Tammany was going to be beaten and beaten badly. Not only would the Fusion ticket win the city election but there was grave danger that Flynn's Democratic organization in the Bronx would be carried down in the general Tammany debacle and that he would not even control the local offices in his own borough.

The next day Flynn took a plane to Washington and there consulted with Postmaster-General Farley. There was no love lost between the Tammany chieftains and Farley who recalled their bitter fight in the Chicago convention to keep Roosevelt from being nominated. In addition he was looking ahead to the 1936 national campaign, when a hostile Democratic organization

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able to retain the five-cent fare after unification. See Chamberlain A. A. Berle's interview, N. Y. *Times*, January 16, 1934.

in New York City might have a very bad effect on the President's chances of re-election.

"HE WHO HESITATES IS LOST"

As a result of this conference Flynn came back to New York ready to urge McKee to run as an independent. McKee was not any too willing to re-enter politics even with this support. Therefore it was only after considerable pressure was brought to bear by his closest political friends that he finally consented to run. On September 30 he announced his candidacy on a Recovery ticket.

There is no question, however, that the aim of the Farley-Flynn-McKee triumvirate was not the aid of Tammany but its defeat. They were interested in breaking the scissors grip of Tammany upon the Democratic party in New York City. Yet it was a strange combination: Farley, the political representative of a liberal President; Flynn, the boss of the Bronx, little better, little worse than the run of city bosses; and McKee, the honest, able but innately conservative executive.

McKee's entrance into the campaign threw a panic into the Fusion ranks. For a time it looked as if he would win hands down despite his late entrance. The entire Bronx Democratic machine under the leadership of Flynn bolted the Tammany ticket and threw its support to McKee.

PRESS WITH LAGUARDIA

LaGuardia was fortunate in having a good section of the press behind him. The *World Telegram,* a Scripps-Howard paper, strongly supported him from the beginning. The *Herald Tribune* and the *Times* supported him editorially if with somewhat less of the crusading spirit of the *World Telegram.* McKee had chiefly to rely on the *Sun,* the *Daily News,* and the Hearst papers. But those newspapers which reached the normally conservative voters were supporting LaGuardia and that fact did much to insulate him from the full effects of McKee's charge of radicalism.

There was no lack of sufficient funds in any of the three rival camps. According to the official reports, McKee spent the largest amount—$231,935; O'Brien, $197,167; and LaGuardia, $106,807. The Fusionists could have had more without any difficulty, especially during the closing days of the campaign.

A post-mortem of the campaign brings out certain facts. Flynn and others of McKee's political sponsors made a major mistake in not urging him to become a candidate early in the summer. With the support of the same Democratic groups that bolted the Tammany ticket together with many of those who later supported the Fusion slate, in all probability McKee would have won the election by an overwhelming majority.

On the other hand, McKee's entrance into the campaign, late as it was, did save the Bronx local offices for the Flynn organization. Had he not run, it is quite likely that the Fusion party would have carried them also. Thus in some respects Flynn and the Recovery Democrats emerged from the campaign stronger than they went into it. There is every indication that they expect to continue their fight to oust the present Tammany leaders and to obtain control of the Democratic organization in New York City.

Would McKee have made a better mayor than LaGuardia? Who can answer that question? LaGuardia is distinctly more liberal in his views than McKee. During the month he has been in office he has shown fine executive ability which gives promise of greater things to come. Speculations upon the endless possibilities of politics are as uncertain as those of Uncle Remus on the flood, when he said, "Dey mout er bin two deloojes; en den agin dey moutent."

The Advance of Rational Liquor Legislation

Secretary of the National Municipal League Committee on Liquor Legislation reports progress.

LUTHER GULICK

Columbia University
Director, Institute of Public Administration

WOULD you believe it, seven American states have adopted laws to control the liquor business through the state sale of alcoholic beverages.[1] State liquor authority bills are also being officially considered in at least five other states and legislators in many states have shown great interest in control through sale. The governors and legislatures of the states which have already taken action have said "who's afraid" of the fallacious American slogan "don't put the state in the liquor business," and one must respect the honesty and intelligence of their reasoning. After all, a state which taxes the liquor business and which prescribes the details of the business, passing upon the hours of sale, the character of dealers, the location and number of stores, and the kind of furniture is certainly "in the business" just as truly as a state which buys and sells alcoholic beverages as a means of control.

What America demands today is a plan of liquor control which has a chance of successful administration. Reasonable people will not be dissuaded from trying such a program merely because of a threadbare and superficial slogan.

The first characteristic of the laws which have been passed is, of course, a definite acceptance of the principle of state control through the sale of liquor. With this in mind, the state liquor authorities are given the powers of buying and selling liquor, establishing retail outlets, fixing prices, regulating advertising, and the designation of restaurants, hotels, clubs, etc., as agents or licensees for the sale of alcoholic beverages purchased from the authority. In the fixing of prices, discretion is left entirely in the hands of the state liquor authorities, except in Washington, where the law prescribes that the prices shall be so determined by the liquor commission that the net annual revenue received shall approximate twenty-five per cent. The control of advertising is also left to administrative discretion, though in Washington any form of advertising, even by the state authority, is prohibited. The Delaware law provides that for two years advertising shall be limited to newspapers and the radio except in the case of beer and wine, for which posters may be used.

Though Delaware and Pennsylvania place taxes of seventy-five cents and a dollar, respectively, per gallon on distilled spirits, liquor taxation is, of course, unnecessary in states which control through sale. They collect not taxes but profits. The Oregon law contains the wise provision that the state liquor authority shall have power to enter into contracts with the federal government "in the event that the United States government provides a method whereby taxes are collected at the source." This definitely opens the way for a state-federal compact looking toward the tax program outlined by the Interstate Commission on Conflicting Taxation and suggested in the Fosdick-Scott report, "Toward Liquor Control".

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[1] These states are Delaware, Michigan, Montana, Ohio, Oregon, Pennsylvania, and Washington. The Committee is indebted to Miss Elizabeth Laine of the Bureau of Social Hygiene for digests of the laws enacted.

REMOVING THE PROFIT MOTIVE

In conformity with the objective of excluding, as far as possible, the element of private gain in the handling of alcoholic beverages, the compensation of store managers and employes in the state liquor stores is to be fixed administratively on an annual salary basis and not on a percentage or commission basis. In Michigan and Ohio, in addition to state stores, the liquor authority may designate privately owned stores as agents, and here again the compensation of the agents is fixed on a yearly basis and not by profits or commissions. While Delaware does not specifically provide for state retail liquor stores, it does provide that all retailers must buy through the commission.

Drinks by the glass are provided through the licensing of hotels and restaurants in Delaware, Michigan, Ohio, and Pennsylvania. In Oregon and Washington beer and natural wines only may be sold by the glass. In Montana beer only may be sold for consumption on the premises.

The limitation of sale to consumption with meals has been abandoned except in Montana and Oregon.

The state alcohol control authorities are also given complete control through a license system over manufacture.

Local option is provided in all seven states. In Ohio and Oregon the local option vote is extended to all classes of liquor. In Michigan the counties determine by vote whether the manufacture and sale of liquors shall be permitted, and in addition, cities, villages, and towns may, on petition, vote on the question of the sale of spirits by the glass. In Pennsylvania elections are to be held in municipalities only with respect to the granting of licenses to hotels, restaurants, and clubs. The state liquor authority is given full power to determine where and when it will place its own stores for the sale of package goods. The Delaware law states that in any district where the majority of the electors vote against license, the application of the act and its provisions will be suspended, while the Montana and Washington laws provide for the submission of but the single question as to whether the sale of liquor shall or shall not be permitted within the given governmental unit. The Oregon law does not prohibit the possession of liquor in dry areas.

FEDERAL ACTION NEEDED

While the seven state laws regulate or prohibit the private importation of alcoholic beverages into the state, none of the laws provides for coöperation with the federal government in the control of this traffic inasmuch as it is necessary at this stage for the states to await federal action.

The allocation of funds is extremely varied. In Michigan, Oregon, and Pennsylvania, the profits are earmarked for special purposes, such as old-age pension funds, mothers' aid, and relief to the indigent, while in the other states profits are not earmarked but pass into the general funds. The Oregon and Washington laws provide that dry governmental units are not to participate in the receipts.

An interesting proposal has been made in New York State in two important bills which provide for liquor control through state sale, where it is suggested that the revenue from the liquor business be returned to the local units of government to be used for debt service. While this proposal might be interpreted as conflicting with the recommendations of the National Municipal League's model law, which opposes the earmarking of the revenues in any form, it is to be noted that earmarking for debt service is not subject to the same dangers as earmarking for current expenditures or special welfare funds.

From the standpoint of American law and administration, the new legislation dealing with liquor control is of interest for two chief reasons. The first of these is the acceptance of the principle of control through sale. Where American government has gone into the business and sale of such things as water and electricity, the major objective has been public service. Where government has sold coal or potatoes, the objective has been the relief of the poor under emergency conditions. In buying and selling liquor, however, we have two entirely new objectives. These are the establishment of effective control primarily through the eradication of conflicting private profit motives, and second, the easy and effective administration of revenue measures. In the European countries, government monopolies have been established for such things as tobacco, salt, and matches purely from a revenue standpoint in recognition of the fact that there is no better method of stamping out tax evasion than government monopoly.

A second point of major importance in connection with the new liquor legislation is the very broad administrative powers which are left to the state liquor control authorities. The state liquor authorities are not to be regarded as on a par with the other governmental activities of the state government, as they are, in the nature of the case, semi-private and semi-public corporations engaged both in the business of merchandising and in the exercise of public control. In recognition of this, most of the liquor authorities have been placed in the hands of commissions. Michigan has a commission of five, Montana utilizes its state board of examiners, Ohio created a commission of five members including the administrative officer. Pennsylvania, Oregon, and Washington each has three members. The only exception is Delaware where "the commission" is limited to one man because of the universal confidence which is placed in Pierre S. duPont, who was designated for the post.

Though American courts have been extremely liberal in sustaining the powers of authorities entrusted with the control of liquor, the new commissions must watch their step and make provision for appeals and hearings if they hope to sustain all of the broad powers which have been entrusted to them in these new laws.

THE PRESENT STATE OF MUNICIPAL CREDIT

(Continued from Page 95)

Bureau of Municipal Research was called to my attention which shows a reduction in the total appropriations of 28.7 per cent from the peak year 1930-31.

Accomplishments made in this direction will, it is believed, have a more or less permanent value, and the return of normal conditions will find many of our cities and other local governments in sounder condition than ever before. Already it is perfectly obvious to the most casual observer that when it comes to borrowing money for short or long term, it abundantly pays a city to practice constructive economy.

The Federal Government Recognizes the Cities[1]

Why the future city must place its reliance on the nation and not the state

CHARLES E. MERRIAM
University of Chicago

For the first time, it has been recognized that cities have a place in the sun. It might also be said that the United States Government has discovered the urban communities. This Union is not a league of states but a government of the people; and now it appears that cities are people too.

The position of cities has been made clearer by two events of recent days. One of these is the reorganization of our national industrial life under the "New Deal," and the other the repeal of the eighteenth amendment.

These two situations have made the place of American cities plainer than ever before in our history.

In the repeal of the eighteenth amendment we have lifted from the city a burden greater than it could bear, and have made possible the elimination of the gangs of bootleggers and gangsters who have lorded it over many of our metropolitan areas.

The way is now open in cities for the emergence of new types of municipal leadership advancing to higher levels of municipal achievement.

Neither the underworld as seen in Al Capone nor the upper world of rotten finance as seen in the exiled utility king Insull, will be as powerful in the affairs of cities in the next generation as they have been in the past.

It was the combination of these forces that made the way of city government difficult, for the interests of the mass of the citizens were sacrificed to the greed of a few, who piled up vast fortunes through their control of city government.

In the reorganization of our industrial life, we have found the state incompetent and almost useless, and we have found out the importance of the city as a unit.

The state has not been able to deal effectively with the banking situation. The state has not been able to deal effectively with the unemployment situation. The state has not been able to deal effectively in many cases with the educational needs of the time. The truth is that in this emergency period it has become clear that the national unit is the only one which can deal effectively with problems which are in their very nature nation-wide. Local questions can be dealt with locally, but national questions must be dealt with nationally; or not at all. This is not a problem in constitutional theory, but a decree of the practical situation in which we find ourselves.

In these recent days, the relations between cities and the United States have become increasingly close. This is plain in the administration of unemployment adjustment and relief; this is seen in the loans made by the Public Works Administration to municipalities without the intervention of the state.

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[1] Address delivered at the National Conference on Government, Atlantic City, N. J., November 10, 1933.

City representatives have been heard before congressional committees and their proposals seriously considered by the solons in Washington.

When the first plans were made for unemployment adjustment, the cities were not consulted; but now they are in intimate touch with what is happening.

WHERE STATE CONTROL FAILS

In many instances the state is a fifth wheel as far as city government is concerned. The state will neither grant autonomy to the cities, nor will it assume the burden of administrative supervision over them. The state will neither rule, nor permit any one else to rule over metropolitan regions.

It cannot be too often reiterated that the chief problem of cities is that of authority to act promptly and effectively in the peculiar metropolitan situations which are constantly arising. Too great deliberation and delay, too much small trading for petty or personal favors, too much raising of the war cry against urban domination, too great consideration for the special and vested interests in cities which often trust their case with someone well outside the city—these are the conditions that render it hard for a city to advance in the directions indicated by urban needs. A housing problem, a park or recreation problem, a question of the city's relations to public utilities, a reorganization of courts or judicial procedure in an urban area, any of these raises a flood of objections from those unfamiliar with the stress and pressure of urban conditions. This may cause disastrous delay, mangling of enabling legislation, crippling of the plans proposed in one form or another. Out of all this comes the ghastly frustration of the comunity's effort toward the goal of public welfare.

It can hardly be supposed that Chicago could be held indefinitely in check, if with half the population of the state it was actually determined to make its influence felt in the state capitol. The prospect of a long period of such political maneuver is not pleasant to contemplate, however, either from the point of view of the city or of the state.

Nor can it be forgotten that many other municipalities in Illinois are in almost as unfavorable a position as Chicago. They also lack authority to deal with their local questions and suffer from the delay and uncertainty of legislative action; and they are likely to make common cause with the larger city in an effort to obtain what they regard as proper recognition by the state. The powerful Illinois Municipal League under strong leadership has long taken a definite position in regard to the importance of home rule powers, and there is every reason to believe that it will become more vigorous in the future.

NATIONAL SERVICE TO CITIES

If the state is able to provide a framework in which such a metropolitan community may live and move and have its being, appropriate arrangements should be promptly and energetically made. If this is either inherently or practically impossible, then advance may well be made toward some other plan. The present situation can be continued only with great waste of funds, great loss of efficiency, and grave danger of the collapse of one of the most important units of government in our great democratic experiment.

This is not primarily the fault of the states, for they were never designed to supervise large cities, and in recent years modern trends have rendered the states as useless for city purposes as for national.

There is reason to believe that it would be easier for cities to set up relations with the United States government than with the state in many instances.

Education, health, engineering and public works, police and judicial systems, parks and recreation, public welfare services, the interests of business and of labor, would be fitted in with the federal pattern of things far more readily and far more intimately than is now the case while the wearisome, ineffective, expensive, and confusing intermediation of state and county and other minor administrative agencies would have disappeared. It goes without saying that there is no magic in such a formula, but it might form the basis of forward-looking experimentation in simpler and sounder methods of local government and local-national relations.

A FORWARD LOOK

In considering this whole problem, it is important to take a forward look at the actual trends of American government. We may anticipate fundamental governmental changes in the near future in the direction of (1) the interpenetration of industry and government, and (2) the interpenetration of modern scientific techniques of behavior control and government.

The relationship in such fields will be closer between the city and the nation than between city and county or between city and state. Urban industrial problems are more likely to be understood and appreciated, with less suspicion and more sympathy, by the national government than by the states.

The federal government is more modernized in point of view than is the state government. Most of the states are not interested in local civil service, to say nothing of more advanced public administration. The impulse to state civil service came from the city and the pressure has continued to come from the same point. The federal government is deeply concerned with housing and city planning, with child welfare, with the problems of commerce and labor. And indeed in almost any direction in which we turn we find a more modern and progressive attitude in the national administration than in the state. This is a matter of deep importance for those who look forward to the advancement of social and industrial living in the city.

But would cities be left too dependent on a centralized federal government under such a plan? It seems unlikely. Already there are thirty-five members of the Senate from cities in the ninety-six metropolitan regions, and one hundred and seventy-one in the House. There is a large and increasing municipal bloc in Congress.

INFLUENCE OF CITY GROUPS

The American Municipal Association, a league of state leagues of municipalities with headquarters in Chicago, is already actively working in the field of municipal coöperation. Urban communities are organized under the International City Managers' Association, and the United States Conference of Mayors is a growing power. Thus there is little ground for anticipating that municipal affairs will be inadequately protected under a federal-city arrangement.

In the next decade or so the difficulty may be not that of the suppression of the cities but that of adequate administrative control over their services. They are likely to dominate states, singly or in coöperation, and to form a bloc in Congress of formidable proportions and with powerful political backing in great states of the size of New York, Illinois, and Pennsylvania. Their force in national nominating conventions alone will be such as to enable them to have the ear of the party, of its presidential candidates, indeed, of the President himself. It is not urbanism that is in danger of being left behind politically in the new organization of national forces.

The way is opening out for the city of the future. But it is too easy to conclude that the urban community will find the road to the millenium over home rule or state rule or federal supervision or any reorganization of its governmental and legal relations alone.

(Continued on Page 116)

The Four Year Trend in Tax Delinquency[1]

A study of tax defaults and their remedies in cities of over 50,000 population

FREDERICK L. BIRD

Director of Municipal Research, Dun & Bradstreet Inc.

FOUR years of hard times have attracted much more than the normal amount of attention to the ability of cities to collect their taxes. The rising barometer of tax delinquency, in fact, has been registering more and more ominous storm warnings, forecasting the crippling of municipal functions through the dwindling of operating funds and the weakening of municipal credit through inability to make full payments on outstanding obligations. This is the general picture, as reflected through the four-year period to the close of the 1933 fiscal year. There are numerous outstanding exceptions, however, to the severity of the general trend, and developments of the last few months in a number of cities are indicative of a current improvement not clearly evident in the past year's total collection results.

Well illustrating the depression trend in tax delinquency is the experience of the cities in the country of over 50,000 population, data on most of which are presented in the accompanying table. The percentage given, except where otherwise indicated, represents the proportion of each year's tax levy unpaid at the close of the fiscal year. To avoid obscuring the primary purpose of the compilation, namely, to show the year-to-year shrinkage in ability to collect current taxes, no computations have been included on the widely varying influx of taxes in arrears.

In 1930, when city tax collections were already beginning to reflect the country's declining fortunes, the median figure for percentage of tax delinquency in 145 cities of over 50,000 population stood at 10.8. In 1933 it was 25.2. The typical city, in other words, was struggling along with over one-fourth of its current tax levy unpaid at the close of the year. The long jump from a delinquency of 10.8 per cent to one of 25.2 per cent, moreover, did not take place evenly from year to year. The increase was relatively small in 1931, to 3.3 per cent; but in 1932, under the influence not only of swiftly declining ability to pay but of the anti-social attitude of the tax slacker, delinquency rose sharply to 20.1 per cent. In 1933 the rise continued, but at a less rapid rate, despite indications early in the year that the outcome might be more disastrous than in 1932. The following table gives both median figures and averages of percentages for the four years, both for population groups of cities and for the total list. Additionally the median and average spreads are shown.

These median and average computations fail, of course, to depict the problem of the individual city. They serve merely to present the general picture for the country as a whole and to offer standards for comparison. In the de-

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[1] Copyright, 1934, by Dun & Bradstreet, Inc., Municipal Service Department.

MEDIAN TREND OF TAX DELINQUENCY, 1930-33

One Hundred Forty-Five Cities of Over 50,000 Population[2]

Fiscal Year Ending	1930 %	1931 %	1932 %	1933 %	Increase
Twelve Cities Over 500,000 Pop.					
Median	11.9	17.5	25.4	26.8	11.3
Average of percentages	12.1	15.9	22.5	27.1	15.0
Nine Cities, 300,000-500,000 Pop.					
Median	7.4	10.2	14.1	19.9	10.3
Average of percentages	10.1	11.4	17.5	20.5	9.1
Fifty-Three Cities 100,000-300,000 Pop.					
Median	11.8	15.0	21.4	24.1	11.5
Average of percentages	13.7	16.3	22.9	26.1	13.3
Seventy-One Cities 50,000-100,000 Pop.					
Median	9.8	12.8	19.9	25.0	13.2
Average of percentages	12.9	16.1	22.4	27.4	14.2
One-Hundred and Forty-Five Cities					
Median	10.8	13.3	20.1	25.2	12.2
Average of percentages	12.9	15.8	22.1	26.3	13.2

tailed figures in the accompanying comprehensive table, however, lies a wealth of information on the varying financial fortunes and depression hardships of the larger cities of the country.

Most significant, perhaps, is the widely differing spread from city to city between the tax delinquencies of 1930 and 1933. As compared with a median increase of 12.2, several cities show a rise of less than half this amount, a few are still close to the 1930 basis, and one, at least, has shown positive improvement. On the other hand, the increase in many instances has exceeded twenty points and in a few has been distressingly higher.

Generalization on this amazing variation is difficult, but individual investigation of most of the situations under consideration justify certain pertinent conclusions. In practically all of the cities which have sustained a much less than average increase in tax delinquency, at least one, but usually more than one, of the following factors has been present: a strong, relatively stable economic and social background, with diversified sources of wealth; a well organized and administered tax collection system, with strict enforcement of adequate penalties for delinquency; a well regarded city administration which has engendered public confidence by introducing effective operating economies early in the depression; and, in a few instances, the abnormal lowering of tax levies by utilization of fortuitous reserves or the excessive deferment of normal obligations.

Among those cities which have had to contend with extremes of tax delinquency are some in which it was unavoidable. Long continued inactivity of the single dominant industry, the collapse of the local banking system, or the disintegration of a fantastic real estate boom are characteristic situations. In many instances, however, the handicapping of essential services, inability to pay employes and weakening of credit which resulted from serious declines in revenue must be attributed to partially avoidable conditions. First and foremost have been archaic tax collection systems, ineffective even in normal times, the failure to build up good traditions of tax payment, and the neglect to impose and enforce reasonable penalties for delinquency. Secondly, and related to this detrimental factor, have been politically-minded administrations, either notorious for their waste and extravagance or short-sighted as to the need for prompt retrenchment, which have failed to secure wholehearted public support. A third contributing influence has been the tax striker, or tax slacker, sometimes operating through particularly blatant and irrational organizations.

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[2] In this compilation only those cities have been used for which comparable figures for the four years were available.

CURVES OF DELINQUENCY SHIFT

Of most immediate concern in the analysis of tax delinquency for individual cities is the outcome for 1933 as compared with 1932. Here there are grounds both for encouragement and discouragement. Positive results, in the form of improvement over 1932, are few, but there are numerous instances of a definite halt to the long and menacing increase in delinquency, accomplished in most instances by the upward trend during recent months. In this change of trend, the upturn in business, the lowering of taxes, the imposition of heavier penalties for delinquency, and the widespread pay-your-taxes agitation have had a varyingly important role. Collections have even improved in some instances where city employes, receiving salaries in scrip, have been diligent in soliciting taxpayers to use it in meeting their tax bills.

On the adverse side of the 1932-33 comparative picture, many of the most serious instances of sudden and drastic weakening of the tax revenue system are to be found in those cities which suffered sweeping banking disasters. In Detroit, Cleveland, Grand Rapids, Reading, Johnstown, to mention only a few, the freezing in closed or restricted banks of large proportions of the communities' total bank deposits had a markedly weakening effect on ability to pay taxes. In the majority of such instances concerted efforts to reopen banks and release deposits are now beginning to have encouraging results in city finances.

WHAT THE FIGURES SHOW

While the statistics presented on tax delinquency are primarily for the purpose of ascertaining trends, and are susceptible of misinterpretation in determining an individual city's financial position unless considered in conjunction with other factors, they nevertheless are exceedingly revealing, within proper limits of interpretation, of municipal financial strength and weakness.

Of outstanding interest are those cities whose tax delinquency in 1933 still ranged in the general city level of 1930. They are indeed entitled to honorable mention. In the group of over 500,000 population are San Francisco, 5.4 per cent, Buffalo, 11.5 per cent (which nevertheless found it necessary to refund a large portion of its maturing bonds), and Los Angeles, 12.9 per cent. In the 300,000-500,000 population group Cincinnati, Indianapolis, and Kansas City, Missouri, were the leaders. In the group ranging from 100,000 to 300,000 Providence easily led the country, with a delinquency of but 1.99 per cent. Oakland, Denver, and Bridgeport all ranged below 10 per cent. Among those from 50,000 to 100,000 in population those which fell below the 10 per cent level were Berkeley, Fresno, and San Jose, California; Pueblo, Colorado; Davenport, Iowa; and Binghamton and Troy, New York. There are a score of others with nearly as excellent records.

High end-of-the-year delinquency, on the other hand, is not always indicative of a weak financial status. While Massachusetts cities, for example, always show alarmingly high percentages of delinquency, it is known that as a class they are financially stable. The explanation lies in the fact that taxes become due very late in the year and are in most instances well collected, under drastic regulations, before the close of the following year. Specific illustration of this point will be found in footnotes to the table. The state, furthermore, exercises a paternal interest in such matters. Low debts and good credit records in Massachusetts, moreover, have continued to make short term operating loans readily available.

BETTER TAX ADMINISTRATION NEEDED

The depression has brought forcefully to light many weaknesses in municipal financial administration, of which the methods and administration of tax collection are by no means the least. Many aspects of the four-year trend in tax delinquency constitute a graphic portrayal of this fact. The synchronizing of tax-collection periods with the fiscal year to avoid borrowing, installment payments, business-like collection methods, discounts for prompt payment and penalties adequate to discourage delinquency, modification of the practice of making a municipality, acting as the collection agent of another, responsible for full payment of the levy irrespective of collections, and elimination of thousands of needlessly duplicated collection administrations are among the constructive steps which are generally desirable. Many needed adjustments are, of course, impossible when taxpaying capacity is near its lowest ebb, but it is to be hoped that they will not be lost sight of when better times appear.

Four-year Trend in Tax Delinquency

Cities Over 50,000 Population

City	Census 1930	Fiscal Year Ends	Percentage of Tax Delinquency Year Ending				Increase 1930-33a
			1930	1931	1932	1933	
Over 500,000 population							
1. New York, N. Y.	6,930,446	Dec. 31	14.6	17.7	26.5	26.5	11.9
2. Chicago, Ill.	3,376,438	Dec. 31	15.3e	27.5e	42.0e	41.0e	25.7
3. Philadelphia, Pa.	1,950,961	Dec. 31	16.6	21.3	25.8	27.2f	10.6
4. Detroit, Mich.	1,568,662	June 30	10.8	17.2	25.0	34.6	23.8
5. Los Angeles, Cal.	1,238,048	June 30	4.8	6.4	8.1	12.9	8.1
6. Cleveland, Ohio	900,429	Dec. 31	13.1b	16.8b	31.7b	b	
7. St. Louis, Mo.	821,960	Apr. 10 '33	20.4	23.2	26.7	31.0	10.6
8. Baltimore, Md.	804,874	Dec. 31	6.3	7.8	12.5	15.1	8.8
9. Boston, Mass.	781,188	Dec. 31	15.4c	18.1c	26.2c	28.7c	13.3
10. Pittsburgh, Pa.	669,817	Dec. 31	9.2	13.5	20.3	25.3	16.1
11. San Francisco, Cal.	634,394	June 30	1.5	1.6	2.0	5.4	3.9
12. Milwaukee, Wis.	578,249	Dec. 31	29.3d	35.6d	48.3d	66.0d	36.7
13. Buffalo, New York	573,076	June 30	.8	1.3	6.9	11.5	10.7
300,000 to 500,000 population							
14. Washington, D. C.	486,869	June 30					
15. Minneapolis, Minn.	464,356	Dec. 31	6.1	7.0	14.1	21.7	15.6
16. New Orleans, La.	458,762	Dec. 31		23.1			
17. Cincinnati, Ohio	451,160	Dec. 31	5.6	7.3	11.1	10.1	4.5
18. Newark, New Jersey	442,337	Dec. 31	25.3	28.3	32.6	35.6	10.3
19. Kansas City, Mo.	399,746	Apr. 30	7.1	7.2	9.4	11.7	4.6
20. Seattle, Wash.	365,583	Dec. 31	12.6	17.6	28.5	28.0	15.4
21. Indianapolis, Ind.	364,161	Dec. 31	2.4	2.1	4.7	7.2f	4.8
22. Rochester, N. Y.	328,132	Dec. 31	7.4	10.5	14.9	19.9f	12.5
23. Jersey City, N. J.	316,715	Dec. 31	23.6	25.3	34.9		
24. Louisville, Ky.	307,745	Aug. 31	8.5	10.2	10.4	14.9	6.4
25. Portland, Oregon	301,815	Nov. 30	16.0	22.3	31.7	35.3	19.3
100,000 to 300,000 population							
26. Houston, Texas	292,352	Dec. 31	11.6	17.7	19.4	22.4	10.8
27. Toledo, Ohio	290,718	Dec. 31	b	11.5b	30.7b	b	
28. Columbus, Ohio	290,564	Dec. 31	10.5b	16.5b	26.5b	b	
29. Denver, Colorado	287,861	Dec. 31	3.1	4.6	7.3	9.7	6.6
30. Oakland, Cal.	284,063	June 30	3.8	5.1	6.5	8.9	5.1
31. St. Paul, Minn.	271,606	Dec. 31	5.9	7.1	13.9	18.7	12.8
32. Atlanta, Georgia	270,366	Dec. 31	14.6	17.4	21.5	20.7	6.1
33. Dallas, Texas	260,475	Sept. 30	11.6	14.4	12.9	16.1	4.5
34. Birmingham, Ala.	259,678	Aug. 31	.3	5.0	12.0	17.0	16.7
35. Akron, Ohio	255,040	Dec. 31	10.9b	19.5b	37.6b	60.8b	
36. Memphis, Tenn.	253,143	Dec. 31	12.6	16.8	22.5	25.9	13.3
37. Providence, R. I.	252,981	Sept. 30	.86	.94	1.04	1.99	1.13
38. San Antonio, Texas	231,542	May 31	18.3	21.4	32.9	35.9	17.6
39. Omaha, Nebraska	214,006	Dec. 31	5.5	7.9	14.9	19.9	14.4
40. Syracuse, New York	209,326	Dec. 31	9.0	12.4	16.1	15.3	6.3
41. Dayton, Ohio	200,982	Dec. 31	13.1b	18.7b	42.4b	51.2b	
42. Worcester, Mass.	195,311	Nov. 30	30.8c	33.1c	42.2c	37.8c	7.0
43. Oklahoma City, Okla.	185,389	June 30	0 g	0 g	16.0g	10.4g	10.4

100,000 to 300,000 population							
44. Richmond, Virginia	182,929	Jan. 31	7.1	7.9	9.5	12.1	5.0
45. Youngstown, Ohio	170,002	Dec. 31	8.1b	15.1b	33.4b	42.8b	
46. Grand Rapids, Mich.	168,592	Mar. 31	6.2	10.2	18.4	23.0	16.8
47. Hartford, Conn.	164,072	Mar. 31	8.8h	8.8h	11.4h	15.7h	6.8
48. Ft. Worth, Texas	163,447	Sept. 30	14.4	16.8	21.5	28.2	13.8
49. New Haven, Conn.	162,655	Dec. 31	8.8	12.7	14.2	16.8	8.0
50. Flint, Michigan	156,492	June 30	17.2	25.8	48.3	60.5	43.3
51. Nashville, Tenn.	153,866	Dec. 31	16.1	11.3	25.5	23.0	6.9
52. Springfield, Mass.	149,900	Nov. 30	29.6c	32.0c	38.0c	42.2c	12.6
53. San Diego, Calif.	147,995	June 30	4.9	6.9	12.9	17.0	12.1
54. Bridgeport, Conn.	146,716	Mar. 31	3.7	4.1	4.0	9.8	6.1
55. Scranton, Penna.	143,433	Dec. 31	14.4	16.7	18.7	26.7	12.3
56. Des Moines, Iowa	142,559	Mar. 31	4.5i	0 i	0.3i	6.3i	1.8
57. Long Beach, Calif.	142,032	June 30	2.9	4.1	8.5	13.3	10.4
58. Tulsa, Oklahoma	141,258	June 30	67.3j	32.4	34.0		
59. Salt Lake City, Utah	140,267	Dec. 31	12.9	16.1	19.0f	k	
60. Paterson, N. J.	138,513	Dec. 31	26.3	30.5	36.4	38.6	12.3
61. Yonkers, New York	134,646	Dec. 31	11.8	15.0	23.5	31.8[1]	20.0
62. Norfolk, Virginia	129,710	Dec. 31	25.6	26.5	34.8	36.2	10.6
63. Jacksonville, Fla.	129,549	Dec. 31	25.1	27.4	31.4	26.9	1.8
64. Albany, New York	127,412	Dec. 31	7.6	8.2	10.9		
65. Trenton, New Jersey	123,356	Dec. 31	25.0	27.6	37.0	36.9	11.9
66. Kansas City, Kansas	121,857	Dec. 31	10.4	9.1	14.6	18.7	8.3
67. Chattanooga, Tenn.	119,798	Sept. 30	7.0	9.8	17.7		
68. Camden, New Jersey	118,700	Dec. 31	26.0	28.0	31.3	34.1	8.1
69. Erie, Penna.	115,967	Jan.	17.4	21.3	27.6	47.1	29.7
70. Spokane, Wash.	115,514	Dec. 31	6.1	12.5	19.2	24.1	18.0
71. Fall River, Mass.	115,274	Dec. 31	41.1	31.9	36.7	33.2	-7.9
72. Ft. Wayne, Ind.	114,946	Dec. 31	3.6	5.3	13.0	15.1	11.5
73. Elizabeth, N. J.	114,589	Dec. 31	27.0	32.6	39.6	41.3	14.3
74. Cambridge, Mass.	113,643	Dec. 31	26.9c	27.2c	31.6c	33.9c	7.0
75. New Bedford, Mass.	112,597	Nov. 30	24.0c	25.2c	48.0c	30.0c	6.0
76. Reading, Penna.	111,171	Jan.	11.2	12.3	21.0	33.0	21.8
77. Wichita, Kans.	111,110	Dec. 31	3.8	3.3	11.8		
78. Miami, Florida	110,637	June 30	13.2	21.6	43.7	36.8	23.6
79. Tacoma, Wash.	106,817	Dec. 31	17.8	25.8	27.6	33.4	15.6
80. Wilmington, Del.	106,597	June 30	5.4	2.3	8.7	13.4	8.0
81. Knoxville, Tenn.	105,802	Dec. 31	32.7	43.8	34.3		
82. Peoria, Illinois	104,969	Dec. 31	6.0	8.0	11.0		
83. Canton, Ohio	104,906	Dec. 31	8.8b	13.5b	26.0b	35.0b	
84. South Bend, Ind.	104,193	Dec. 31	4.7	9.5			
85. Somerville, Mass.	103,908	Dec. 31	26.4c	34.0c	41.0c	41.7c	15.3
86. El Paso, Texas	102,421	Feb. 28	12.5	18.0	27.0	37.6	25.1
87. Lynn, Mass.	102,320	Dec. 31	27.0c	30.0c	37.0c	38.5c	11.5
88. Evansville, Ind.	102,249	Dec. 31	4.7	4.7	12.0	13.2	8.5
89. Utica, New York	101,740	Dec. 31	9.3	12.8	15.4	16.1	6.8
90. Duluth, Minn.	101,463	Dec. 31	5.8	7.8	16.5	23.2	17.4
91. Tampa, Florida	101,161	May 31	13.4	21.9	33.2	45.0	31.6
92. Gary, Ind.	100,426	Dec. 31	2.5	5.3	12.7	20.4	17.9
93. Lowell, Mass.	100,234	Dec. 31	29.1c	32.1c	40.5c	42.5c	13.4
50,000 to 100,000 population							
94. Waterbury, Conn.	99,902	Dec. 31	11.1	14.4	19.4	21.7	10.6
95. Schenectady, N. Y.	95,692	Dec. 31	2.1m	3.1m	6.1m	12.0m	9.9
96. Sacramento, Calif.	93,750	Dec. 31	2.7	3.6	5.9	12.3	9.6
97. Allentown, Penna.	92,563	Jan	8.7	15.6	23.2	28.8	20.1
98. Bayonne, N. J.	88,979	Dec. 31	20.5	19.5	25.1	27.5	7.0
99. Wilkes-Barre, Penna.	86,626	Dec. 31	20.1	15.0	19.9	22.9	2.8
100. Rockford, Ill.	85,864	Dec. 31	.9	4.2	11.4	20.2	19.3
101. Lawrence, Mass.	85,068	Dec. 31	20.1c	21.8c	28.9c	29.3c	9.2
102. Savannah, Georgia	85,024	Dec. 31	11.6	12.6	15.9	19.1	7.5
103. Charlotte, No. Car.	82,675	May 31	6.2	13.0	28.7	33.9	27.7
104. Berkeley, Calif.	82,109	June 30	3.0	3.3	4.8	7.3	4.3
105. Altoona, Penna.	82,054	Dec. 31	15.9	23.4	36.8	41.6	25.7
106. Little Rock, Ark.	81,679	Dec. 31	10.9				
107. St. Joseph, Mo.	80,935	Apr. 17, '33	5.0	5.8	7.5	11.8	6.8
108. Saginaw, Mich.	80,715	June 30	6.9	21.1	23.4	29.2	22.3
109. Harrisburg, Penna.	80,339	Jan.	6.2	11.0	17.4	22.7	16.5
110. Sioux City, Iowa	79,183	Mar. 31	0 n	1.9n	7.7n	18.3n	
111. Lansing, Mich.	78,397	Apr. 30	9.9	15.5	19.2	30.2	20.3
112. Pawtucket, R. I.	77,149	Dec. 31	1.8	3.6	27.9	27.4	15.6
113. Manchester, N. H.	76,834	Dec. 31	12.3	13.0	17.0		
114. Binghamton, N. Y.	76,662	Dec. 31	3.3	4.5	6.9	8.9	5.6
115. Shreveport, La.	76,655	Dec. 31					

50,000 to 100,000 population

116. Pasadena, Calif.	76,086	June 30	3.2	5.2	8.5	12.3	9.1
117. Lincoln, Nebraska	75,933	Aug. 31		10.1	14.5	19.5	
118. Huntington, W. Va.	75,572	June 30	10.8	12.7	16.2	24.1	13.3
119. Niagara Falls, N. Y.	75,460	Dec. 31	1.2	3.5	7.6	13.7	12.5
120. Winston-Salem, N. C.	75,274	June 30	6.4	8.5	11.3	15.3	8.9
121. East St. Louis, Ill.	74,347	Dec. 31	9.3	14.4	28.0		
122. Troy, New York	72,763	Dec. 31	1.7	2.1	3.8	5.4	3.7
123. Quincy, Mass.	71,983	Dec. 31	38.4c	39.2c	45.7c	46.4c	8.0
124. Springfield, Ill.	71,864	Feb. 28	3.5	1.3			
125. Portland, Maine	70,810	Dec. 31	5.2	6.5	10.3	13.4	8.2
126. Lakewood, Ohio	70,509	Dec. 31	18.8b	18.0b	31.5b	48.0b	29.2
127. Roanoke, Virginia	69,206	Dec. 31	28.8	28.1	33.0		
128. Springfield, Ohio	68,743	Dec. 31	9.2	8.7	11.5	16.6	
129. Mobile, Alabama	68,202	Sept. 30	4.7	9.1	15.7	19.7	15.0
130. New Britain, Conn.	68,128	Mar. 31	7.4	10.6	15.4	20.2	12.8
131. East Orange, N. J.	68,020	Dec. 31	29.9	33.1	39.9	42.9	13.0
132. Racine, Wisconsin	67,542	Dec. 31	16.7	33.7	38.0		
133. Johnstown, Penna.	66,993	Jan.	15.1	20.4	33.5	47.0	31.9
134. Cicero, Illinois	66,602	Dec. 31	14.3e	15.3e	29.8e	42.2e	27.9
135. Atlantic City, N. J.	66,198	Dec. 31	36.1	43.1	53.6	60.7	24.6
136. Montgomery, Ala.	66,079	June 30					
137. Newton, Mass.	65,276	Dec. 31	24.2c	25.8c	29.5c	32.1c	7.9
138. Covington, Ky.	65,252	Dec. 31	4.1	6.0	9.5	14.8	10.7
139. Pontiac, Mich.	64,928	Dec. 31	21.8	34.4	40.9	48.2	26.4
140. Hammond, Ind.	64,560	Dec. 31	10.8	17.8	32.2	26.2	15.4
141. Topeka, Kansas	64,120	Dec. 31					
142. Oak Park, Illinois	63,982	Dec. 31	24.4e	31.0e	42.0e	40.0e	15.6
143. Brockton, Mass.	63,797	Nov. 30	31.2c	35.1c	43.1c	45.2c	14.0
144. Evanston, Illinois	63,338	Dec. 31	16.8e	27.9e	42.5e	39.5e	22.7
145. Passaic, New Jersey	62,959	Dec. 31	30.8	37.4	43.1	46.9	16.1
146. Terre Haute, Ind.	62,810	Dec. 31	6.6	11.1	25.1	16.1	9.5
147. Glendale, Calif.	62,736	June 30	3.7	7.6	14.6	14.6	10.9
148. Charleston, S. C.	62,265	Dec. 31	20.7	26.8	27.0		
149. Wheeling, W. Va.	61,659	June 30					
150. Mount Vernon, N. Y.	61,499	Dec. 31	11.2	14.0	22.3	30.4	19.2
151. Davenport, Iowa	60,751	Mar. 31	0.7	0.7	5.2	7.4	6.7
152. Charleston, W. Va.	60,408	June 30		6.2	13.9	12.8	
153. Augusta, Ga.	60,342	Dec. 31	5.5	8.0	10.3		
154. Lancaster, Penna.	59,949	Jan.	8.7	9.9	16.2	22.5	13.8
155. Medford, Mass.	59,714	Dec. 31	35.3c	39.9c	47.3c	48.9c	13.6
156. Hoboken, N. J.	59,261	Dec. 31	19.9	24.2	32.9	41.0	21.1
157. Chester, Penna.	59,164	Jan.	15.6	20.8	28.8	35.6	20.0
158. Union City, N. J.	58,659	Dec. 31	35.8	39.1	44.8	50.0f	14.2
159. Malden, Mass.	58,036	Dec. 31	35.6c	36.2c	42.5c	43.3c	7.7
160. Madison, Wisconsin	57,899	Dec. 31	8.1	16.4	28.0	47.0q	
161. Bethlehem, Penna.	57,892	Jan.	13.8	17.4	25.6	36.8[o]	
162. Beaumont, Texas	57,732	June 30	9.2	12.2	22.0	33.5	24.3
163. San Jose, Calif.	57,651	Nov. 30	.5	1.5	2.4	5.7	5.2
164. Springfield, Mo.	57,527	June 30	11.0	11.6	14.1	15.3	4.3
165. Decatur, Ill.	57,510	Apr. 30	47.4p	51.9p	75.0p	54.5p	7.1
166. Irvington, N. J.	56,733	Dec. 31	29.8	32.6	35.6	40.6	10.8
167. Holyoke, Mass.	56,537	Nov. 30	24.0c	24.0c	32.0c	38.5c	14.5
168. Hamtramck, Mich.	56,268	June 30	19.2	25.3	31.4	69.0	49.8
169. Cedar Rapids, Iowa	56,097	Mar. 31	0.	0.7	4.5	16.7	16.7
170. York, Penna.	55,254	Dec. 31	7.9	9.3	15.9	19.2	11.3
171. Jackson, Mich.	55,187	June 30	7.0	11.	17.6	30.1	23.1
172. Kalamazoo, Mich.	54,786	Dec. 31	5.7	9.2	17.0	25.0	19.3
173. East Chicago, Ind.	54,784	Dec. 31	13.0	29.0	34.0		
174. McKeesport, Penna.	54,632	Jan.	10.0	12.7	26.7	34.3	24.3
175. New Rochelle, N. Y.	54,000	Dec. 31	16.4	18.7	27.3	29.8f	13.4
176. Macon, Ga.	53,829	Dec. 31	26.4	33.8	36.3		
177. Greensboro, N. C.	53,569	June 30	15.2	20.1	19.1	23.3	8.1
178. Austin, Texas	53,120	Dec. 31	4.4	9.9	19.8	22.2	17.8
179. Highland Park, Mich.	52,959	June 30	12.5	19.5	21.6	27.8	15.3
180. Galveston, Texas	52,938	June 30	9.0	10.0	12.5	15.5	6.5
181. Waco, Texas	52,848	Sept. 30	9.6	12.9	16.9	22.6	13.0
182. Fresno, Calif.	52,513	June 30	2.1	2.7	5.0	7.8	5.7
183. Hamilton, Ohio	52,176	Dec. 31	5.2b	9.4b	16.7b	28.4b	
184. Durham, N. C.	52,037	May 31	7.0	10.1	15.4	18.9	11.9
185. Columbia, S. Car.	51,581	Dec. 31	27.	26.1	29.6	35.6	8.6
186. Cleveland Hts., Ohio	50,945	Dec. 31	25.2b	12.8b	41.7b	72.0b	
187. Port Arthur, Texas	50,902	Dec. 31					
188. Dearborn, Mich.	50,358	June 30	7.1	11.2	15.4	19.4	12.3
189. Kenosha, Wis.	50,262	Dec. 31		4.2	13.7	25.0	
190. Asheville, N. C.	50,193	June 30		30.2	18.5	40.7	
191. Pueblo, Colo.	50,096	Dec. 31	5.7	9.7	12.6	9.8	4.1

See next page for footnotes.

a. It is to be noted that these figures do not show percentages of increase, but are rather the differences between the percentages for 1930 and 1933.

b. Figures for this city, and most other Ohio cities, show the ratio of all delinquent taxes to the year's levy. They indicate delinquency on a cumulative basis, therefore, rather than the delinquency for each year. For this reason they are not comparable with figures for cities of other states. In the instance of several Ohio cities, moreover, figures for the close of 1933 are not yet available. This is due to the fact that the counties act as collection agencies, make periodic settlements with the cities, and, because of various delays, have not as yet made full settlement.

c. The figures shown for Massachusetts cities are useful primarily in indicating trends. They tend to underestimate the ability of these cities to collect taxes. Taxes become collectible late in the year, with delinquency dates usually in October or November. Thus end-of-the-fiscal-year delinquency is always high, but a major portion of the taxes outstanding is usually collected a few months thereafter. For example, Boston's 1932 delinquency of 26.2 per cent had been reduced to 13.7 per cent on September 20, 1933, and Worcester's 1932 delinquency of 42.2 per cent had been reduced to 0.96 per cent on January 2, 1934.

d. Milwaukee percentages are somewhat misleading both as to amount of delinquency and as to trend. While Milwaukee has been severely embarrassed by a tax strike of major proportions, allowance should be made for the provision whereby payment may be deferred without penalty for six months. For example, the 66 per cent delinquency shown as of the close of the 1933 tax year had been reduced to 39.2 per cent on October 1, 1933.

e. Percentages for Chicago and other cities in Cook County are for the levies of 1928, 1929, 1930 and 1931. The 1932 levy is not yet in collection.

f. Preliminary figures or partially estimated.

g. After allowance for 10 per cent delinquency.

h. Tax year from July to July.

i. After allowance for 5 per cent delinquency.

j. Delinquency abnormally high, due to taxpayers' litigation.

k. Complete settlement by county, which collects city taxes, not effected till after the close of fiscal year.

l. As of December 16, 1933. End-of-year figure will be slightly lower.

m. 1930-32 figures before tax sale, 1933 after tax sale, due to change in collection methods.

n. Reported collection figures include current and delinquent collections.

o. Percentage uncollected as of December 1, 1933.

p. Figures not comparable, due to varying overlap of fiscal year and tax collection periods.

q. Not comparable, due to delay in collections.

THE FEDERAL GOVERNMENT RECOGNIZES THE CITY

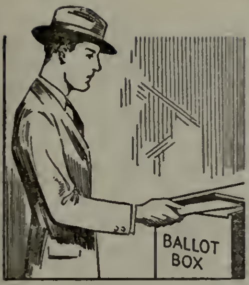
(Continued from Page 109)

Important changes of this sort must and will be made. But they will not be enough.

The city of the next generation will find itself woven more and more closely into the web of our social and economic development. The elimination of waste and graft and spoils is a means—an important and indispensable means, it is true—to an end; and that end is a richer and fuller life for the people who make up the community. The ideal city government will not be a bootleggers' government; nor will it be a bankers' government. The ideal government will be directed toward broad social purposes in the light of modern and emerging ways of life. The city may well concern itself with housing, with recreation, with leisure time, with education, with human welfare broadly conceived.

Cities like nations are not built upon selfish economic interests alone. They rise upon the ruins of lives devoted to the greater cause. They are built by a great community of effort nobly directed toward a common end, by the silent daily offerings of many unknown men and women whose efforts will never be rewarded except in the triumph of the city's cause.

If the nation reaches out a friendly hand to the city, it must find a willingness to go along on the roads that lead away from privilege and exploitation and up to higher levels and finer ways of life. The city too must be willing to say that there are greater goods than gold; that human welfare is greater than human wealth; or better yet, that real wealth is the priceless possession of human welfare.



PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

Continuing the Proportional Representation Review

Proportional representation ("P. R.") is a method of electing representative bodies which assures any group of voters the same share of the members elected that it has of the votes cast. It is designed to guarantee majority rule and minority representation. In its best form (the "Hare system") it makes primaries unnecessary and keeps scattering votes from being wasted by means of a preferential ballot. It thus makes impossible the domination of organized political minorities.

Charles Taft on P. R.—Another department of the National Municipal Review last month contained a review of Charles P. Taft's new book on "City Management: The Cincinnati Experiment." Readers of this department will be particularly interested in Chapter Seven of this remarkable work, which is devoted to "Proportional Representation."

The chapter starts with the intriguing footnote: "If the reader wants to avoid rather interesting technicalities, let him skip this chapter. But he'll miss something good, if I do say it as shouldn't." Certainly no student of P. R. should skip this chapter, if he reads nothing else.

Mr. Taft writes from an intimate knowledge of Cincinnati's political history. The son of the late president and chief justice could scarcely escape an interest in affairs governmental from his earliest years, and more recently, as campaigner for the new charter in 1924, as county prosecutor in 1927 and 1928, and now as chairman of the men's division of the City Charter Committee, he has played a large part in the regeneration of America's best governed large city. Here is the way he sums up his observation of eight years of proportional representation:

"In 1924 I thought proportional representation a harmless element in the new charter for Cincinnati. There is hardly a supporter of the City Charter Committee today who does not feel that proportional representation is the most important single element in the success of good government in the city and must be preserved at all costs."

*

Calgary's Seventeenth P. R. Election.—On November 22, 1933, the city of Calgary, Alberta, held its seventeenth election of aldermen (members of the city council) by the Hare system of P. R. Part of the council is renewed each year for a two-year term.

Calgary has two municipal parties, a Civic Government Association and a Labor Party. In addition to the nominees of these two organizations there are always a number of candidates who run independently. The fairness of P. R. is well illustrated by the representation it has given to these three groups in the last two elections:

	First-Choice Votes	Members Elected	Members in Proportion to First-Choice Votes
	1932		
C. G. A.	5,606	2	2.3
Labor	5,206	2	2.1
Independents	6,307	3	2.6
	1933		
C. G. A.	10,489	3	2.7
Labor	5,288	1	1.4
Independents	7,223	2	1.9

For the information on which these tables are based we are indebted to City Clerk J.

M. Miller, who has conducted the city and provincial P. R. counts in Calgary for many years with the utmost efficiency. The count is carried out the night of the election and final results are regularly available at breakfast time the next morning.

*

New South Wales Legislative Council.[1]— In November and December the upper house of the legislature of New South Wales was elected by proportional representation for the first time. Formerly members of this house, known as the Legislative Council, were appointed without any definite limit to their number and wholesale appointments by a recent ministry to gain control led to demands for complete reorganization. The new council will consist of 60 members, elected by the Hare system of P. R. by the members of the two houses of the legislature voting together.

Since the lower house, the Legislative Assembly, is not elected by P. R., this scheme cannot make the council accurately representative of the people but merely of their somewhat distorted representation. Yet it is a significant espousal of the proportional principle, especially since P. R. was abolished by a partisan legislative vote a few years ago for the popular elections of the lower house.

The first elections were held in four separate sessions, at intervals of two weeks. At each vote fifteen members were elected, the first set for twelve years, the second for nine, the third for six, and the fourth for three. No less than 126 candidates were placed in nomination, most but not all of them included among the 208 members of the legislature who constituted the electorate. A complicated set of rules was used, in order to eliminate the last vestige of chance, and is reported to have worked very smoothly.

We do not have the results of the fourth balloting at this writing. At each of the first three the outcome was the election of nine members of the Nationalist Government and six of the Labor and independent opposition. This corresponded exactly to the division of first choices on the first ballot, 118 for government candidates, 76 for the opposition.

The different elements within each of the main groups were fairly represented also. At the first election the nine government seats were divided between the United Australia Party and the Country Party in the ratio of six to three, and the opposition seats went four to the State Labor Party of Ex-Premier Lang, one to the Federal Labor Party, and one to an independent of Labor leanings.

While each party received just its rightful share, plans of party organizers went badly astray in the choice of the personnel. The State Labor Party made a particular effort to work everything out beforehand, telling each of its supporters just how he should vote. But the ballot was secret and only two of those put on the slate for election were among the four members of the party actually chosen. On the Nationalist side a high party official who was expected by some to come in first because of his position was actually defeated. Some of the ballots even crossed party lines in their expression of preferences.

Mr. Bruxner, leader of the state Country Party, commented on the result of this election as follows: "The final count shows that machine politics received a severe shock, and the way has been opened for wide representation. It is evident that after the final ballot the new house will, in the main, be composed of men who can set a proper standard."

And the *Sydney Morning Herald* of November 7, 1933, after referring to the discomfiture of certain political strategists, said editorially: "Meanwhile those unaffected with the virus of this particular malice will appreciate the very satisfactory result of the ballot in the great majority of those so far elected, and be disposed to encourage the Government and the bulk of Parliamentarians to pursue the sound lines of choice on which they have begun."

*

The Limited Vote in Spain.— In view of the recent events which have focused public attention on affairs in Spain and of the original intention of the Spanish Government to inaugurate a thorough-going system of proportional representation, as reported in this department for September 1932, it may be well to give some attention to the rather unsatisfactory system of minority representation actually adopted. The following account was sent to us on November 29, 1933, by John H. Humphreys, secretary of the P. R. Society of Great Britain:

"Somewhat conflicting accounts have been given with regard to the method under which Spain is electing its new Parliament. The system has been described as a complicated system of proportional representation. In actual fact, it is neither proportional representation, nor is it particularly complicated. The constituencies are the provinces (corresponding in size and importance to English counties). Provincial capitals, when large, form separate constituencies. Each constituency returns a number of members in proportion to its population.

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[1] For the information in this article we are indebted to Mr. A. G. Huie of Sydney and Miss Alice Henry, recently of Santa Barbara, now of Melbourne.

"How are the votes recorded? In England, from 1867 to 1885, there were a number of constituencies, boroughs and counties, returning three members to Parliament. In these constituencies, although there were three members to be elected, each voter might vote only for two candidates. The system was known as the "limited" vote. This is precisely the system in operation in Spain. The number of votes permitted depends on the total number of members to be elected. In a three-member constituency, two votes are permitted, as previously in England. In a seven-member constituency, five votes are permitted. In Madrid, which elects seventeen members, thirteen votes are permitted.

"In one respect the use of the limited vote in Spain differs from the English practice. Unless one at least of the candidates is supported by forty per cent of the voters taking part, the election is void, and a second ballot takes place.[2] There are many parties in Spain —the result, not of any electoral system, but of the history and the national temperament of the people—and consequently the required forty per cent was not obtained in the majority of constituencies, and second ballots take place on Sunday, 3rd December.

"These second ballots open up a wide field for manoeuvre, which may be illustrated from the example of Madrid. There were five main parties at the first ballot, each of which nominated thirteen candidates only, although there were seventeen deputies to be elected. The average numbers of voters supporting the main parties were:

Party	*Voters*
Socialist	142,000
Right	133,000
Radical	66,000
Left	22,000
Communist	13,000

"The Socialists were just short of the required forty per cent. A few thousand additional votes would have entitled them to elect their entire list of thirteen. The situation now is that if at the second ballot the Socialists and Radicals combine, they will command a majority and can elect a joint list of, say, eight Socialists and five Radicals. If, on the other hand, the non-Socialist parties combine, they can also command a majority and thereby gain between them thirteen seats, leaving to the Socialists, as the next highest group, a representation of four only.

"The difference between thirteen seats and four seats is very considerable, and if the Socialists, with the chief prize almost within their grasp, are reduced to four, it can well be understood that angry feeling may result. This method of election is clearly productive of great changes and great uncertainty in representation. It provides no assurance of a representative parliament."

*

Private Elections under P. R.—The Pennsylvania State Education Association used P. R. for the thirteenth successive year at its convention in Philadelphia during the Christmas holidays. The Hare system was used for its committees on legislation, resolutions, and teacher welfare, and delegates to the next convention of the National Education Association and also (as a system of majority preferential voting) for its president, second vice-president, member of National Council of Education, and next convention city.

In December the faculty of Reed College, Portland, Oregon, used P. R. for the elections of its council and welfare committee. The rules adopted were those used for elections of the Irish Free State Senate by the Dail Eireann, which incorporate certain technical refinements of the usual P. R. procedure in English-speaking countries.

Another recent use of P. R. was for the election of two directors of Consumers' Research, Inc.

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[2] We learn from the International Information service of the Labor and Socialist International, Zürich, that there are certain other limitations also. No candidate can be elected at the first elections, unless voted for by at least 20 per cent of the voters and no candidate can participate in the second elections unless voted for by at least 8 per cent.

P. R. for Pennsylvania Municipalities[3]

BY HON. A. J. WHITE HUTTON

Republican Floor Leader of the Pennsylvania House of Representatives
and Professor of Law at Dickinson College

As to the merits of the doctrine of proportional representation, I am convinced from a study of the matter and the reports emanating from various sections of the country where the experiment has been made that it is sound in principle and might well be applied to some of our Pennsylvania cities, particularly those of the third class.

In the larger cities constituting those of the first and second classes a careful study should first be made as to the powers of the executive, for as has well been observed: "A mayor with great powers, not responsible to the council, would often thwart that body and perhaps discredit it no matter how truly representative it might be. And the election of such a mayor might often overshadow that of the council and reduce the benefits of even the best system of electing it."[4]

The principle is well adapted to our system of boroughs in Pennsylvania, and the McElwee bill, as offered in the recent session of 1933, has great merit and would, in my judgment, not only have a marked tendency to improve the quality of representative borough government but would likewise in all probability have the effect of stimulating a healthy interest in the general subject of representation and the elective means for accomplishing the same.

Early Advocates of Minority Representation

It is gratifying to a Pennsylvanian to know that the earliest plea for either minority or proportional representation in the United States is found in the proposal of Thomas Earle to the constitutional convention of Pennsylvania in 1837. At this time Mr. Earle advocated the limited vote for the choice of election inspectors in each voting precinct. Subsequently, the suggestion was taken up by the general assembly in the Act of 1839 which still constitutes our law giving to the minority party representation on the election board in the matter of the inspectors. The same principle has been applied likewise in Pennsylvania in the election of our jury commissioners.

Furthermore, it should not be overlooked that another pioneer in the cause of minority and proportional representation was Senator Charles R. Buckalew, who represented the Commonwealth of Pennsylvania in the United States Senate from 1863 to 1869. Senator Buckalew also advocated a constitutional amendment proposed in 1877 in the national House of Representatives by Levi Maish of Pennsylvania, providing that the electoral votes for president should be apportioned among the several candidates voted for in the state in the exact proportion to the number of votes which might be cast directly for each presidential candidate.

Representative Democracy

As has already been stated, the principle of proportional representation is eminently sound and in the words of a noted French statesman discussing the matter: "If the people were deliberating, of course, the decision ought to be according to the majority; but when the people are choosing representatives, it is fair that the body elected, the expression of the country, should be as exact a reflection of it as possible and that all parties should have their place."[5]

Our theory of government is that of a representative democracy and according to the terms of the Declaration of Independence all just powers of government rest upon the consent of the governed.

Accordingly, it follows as a necessary corollary that all distinct groups or parties should have some opportunity for representation in proportion to their importance to the entire social unit and it is earnestly believed that the adoption of the principle of proportional representation marks an advanced step in the century of progress toward true representative government, which is the goal of those who love their fellow-men.

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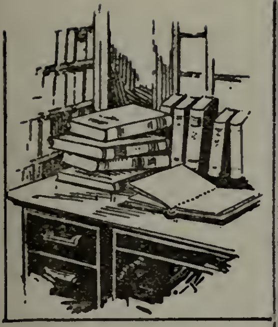
[3] From an address presented to the annual dinner of the Proportional Representation League, Atlantic City, November 11, 1933.

[4] This, of course, is an argument for coupling the city manager plan with proportional representation, as was done in the optional bills presented to the last legislature for Philadelphia and Pittsburgh. The bills presented for smaller cities and boroughs would have made the manager plan and P. R. optional either separately or in combination.

[5] Raymond Poincaré, speaking for proportional representation in the French Senate, February 20, 1924.



RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Public Expenditures, Tax Burdens, and Bonded Debts in Wisconsin and Neighboring States. By George Leland Leffler, Ph.D., Madison, University of Wisconsin, 1933. 110 pp.

The conservative course of Wisconsin's state and local indebtedness is the subject of this admirable survey. The context is replete with debt and cost analysis for Wisconsin, using as its background similar indices for the neighboring states of New York, Michigan, Illinois, Minnesota, Ohio, and Indiana. The broad study, besides including interesting tax, debt service, and similar material, includes also debt trends as measured by fluctuation of the cost of living. Particular attention is given to the dependency of each state on real property taxes as against other income with special comments on the more enviable credit positions of those states which have resorted to other taxes to lighten the present burdens on property holders.

To those who are debt conscious the survey is one of particular interest by reason of the sharp contrast which now exists between pay-as-you-go policies and reckless spending. Wisconsin is included in the former category and it has therefore a debt which is little over one-half of its burden in 1912. Illinois, on the other hand, has increased its debt from $2,000,000 to $195,517,000 in the 1912-1931 period. This is only one of the many interesting comparisons.

The survey likewise deals with the financial policies of the larger municipalities.

The study is not only of interest, but an encouragement to those who reside in Wisconsin. The comparisons are worthy of intensive study by all those interested in debts and debt limitations.

Municipal policies of yesterday, as never before, are being subjected to intense scrutiny by taxpayer and public official alike, and future developments will certainly be based—if there is any reason and planning—on the experience of the sounder present financial structures. Wisconsin is in an enviable position—as is clear when presented in terms of the other six states used in this survey. Professor Leffler, formerly an instructor in the department of economics at the University of Wisconsin, is now in the department of finance at the University of Toledo.

Dana B. Scudder

*

The Policewoman's Handbook. By Eleonore L. Hutzel. New York, Columbia University Press, 1933. 303 pp. $2.00.

Miss Hutzel, Deputy Commissioner of Police and Director of the Policewomen's Division in Detroit has written this book from her own experience and study, to afford a practical, authoritative and exact source of aid not only to policewomen themselves, but to those whose work brings them in contact with policewomen or their work. Dr. Leonard V. Harrison, of the Bureau of Social Hygiene, in his introductory chapter, shows the need and the purpose of the volume as follows: "The growing realization in recent years that police work is, in certain measure, social work, and that in it there exist problems which can be handled better by women than by men, has lead to the employment of women in many police departments throughout the country. The policewoman's work is highly specialized. To do it well she requires not only good native ability and a general education, but special training: this book aims to assist her in securing that training." The material presented—all well documented with cases and bibliography and indexed—deals with patrol, inspection, undercover operations, investigating complaints, preparing cases for court, evidence, detention of women and children, and coöperation with other agencies.

*

The Location of Manufactures in the United States, 1899-1929. By Frederic B. Garner, Francis M. Boddy, Alvar J. Nixon. Minneapolis, University of Minnesota Press, 1933. 102 pp. $1.00.

The Employment Stabilization Research Institute of the University of Minnesota has to its credit a growing list of valuable studies. This most recent one utilizes the statistical material available through the biennial United States Census of Manufactures for an analysis of the location of manufactures such as would be important groundwork for any regional or national economic planning. The present location of manufactures is explained, as is the trend during the past thirty years. Detailed presentation of the food products industries, the textile and clothing industries—general textiles, cotton, silk and rayon and wool—and the iron and steel industries—general, electrical machinery and foundry and machine shop—are given.

Although the authors have made no attempt to analyze completely all the causes underlying shifts and developments, they have touched on certain basic factors which apparently help to determine the location of a given type of industry. This is an interesting complement to the direct presentation of informative factual data. The volume is generously supplied with tables and maps.

*

Toledo—Our Community. By H. T. Shenefield and J. Otis Garber. Philadelphia, John C. Winston Company, 1932. 220 pp.

This book was written primarily for use in the schools but every citizen of Toledo should find it interesting reading and those throughout the country who are concerned with the important subject of civic education should find it valuable and suggestive. The main divisions of the book: "Social and Economic Problems," "Political Life and Governmental Activities," and "City Planning," indicate its scope. The chapters dealing with governmental activities form the most important section of the book and are particularly informative. Organization charts are shown for each of the departments and the significance of each department's activity is set forth at some length. A section describing how street improvements are made gives civics students information which they should find very valuable when they become property owners. The emphasis on city planning, which is the subject of one of the three main sections of the book, is undoubtedly wise. Perhaps there is no phase of government more likely to capture the imagination and to arouse civic idealism.

Both authors taught political science in the University of Toledo, and both have had intimate contact with the city government and the community, Mr. Garber serving as civic affairs secretary of the Chamber of Commerce, and Mr. Shenefield as secretary of the Commission of Publicity and Efficiency, the governmental research agency supported by the city.

Robert M. Paige

*

Street Traffic Bibliography. By the Erskine Bureau for Street Traffic Research, Harvard University, Cambridge, 1933. 223 pp. mimeo.

A selected and annotated bibliography of the literature of street traffic control and related subjects, 1920-1933, is indeed welcome. This comprehensive list of references is arranged to be of maximum value to those with a practical interest in street traffic control and planning, but it gives attention also to such related problems as planning and taxation. It must be an invaluable volume to all those interested in the broad field of local government administration.

*

Fire Prevention Practices in New York State Municipalities. By De Wayne E. Nolting. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 72 pp. $1.00.

Mr. Nolting's study, undertaken under the joint auspices of the publishing organization and the Syracuse School of Citizenship and Public Affairs, presents information concerning the fire prevention practices of fire departments in the cities and first class villages of New York State, analyzes the practices as to thoroughness and effectiveness and suggests methods for improving procedure to the end of reducing fire losses. His recommendations include specific suggestions for the organization, personnel, and functions of fire prevention bureaus, adequate state arson laws, and comprehensive local fire prevention codes.

*

The Administration of Municipal Motor Equipment in New York State. By Alwyn A. Greeley. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 63 pp. $1.00.

The scant literature on the subject of municipal motor equipment is, with this study, increased by an analysis of the practice in the cities and larger villages of New York State. Like the other studies made by graduate students of Syracuse University under the auspices of the School of Citizenship and the New York Conference of Mayors, this one is based on questionnaire returns and personal investigation. The author describes the agencies of control, methods of control including particularly accounting, purchasing, the central garage and transportation bureau. Some comparison is made with private practice. One-third of the volume is an appendix containing suggested forms. Mr. Greeley finds the nearest approach to central control of motor equipment among the municipalities of the state in the city of Rochester, but even that incomplete.

*

Methods of Financing State Bonds for a Public Works Program. By the Taxpayers' Research League of Delaware. Wilmington, Taxpayers' Research League, 1933. 11 pp. mimeo.

In this report the League has analyzed for the Governor of Delaware the possible methods of financing a public works program, the costs of the several types of bonds which might be used and the ways in which those costs might be met by the state. It is unfortunate that more borrowing units do not thus carefully weigh the costs of various types of financing and their resources for meeting them.

*

The Allocation of Corporate Income for the Purpose of State Taxation. By Robert S. Ford. Albany, State Tax Commission, 1933. 130 pp.

For its sixth special report the New York State Tax Commission chose a field of growing complication—the allocation of corporate income for the purpose of state taxation. Dr. Robert S. Ford of the Department of Economics of Columbia University was selected to make the study, the primary purpose of which was an analysis of the difficulties resulting from the varied practices in use and the suggestion of possible improvements. The author divides his study into four main sections: the legal and economic foundations of the allocation problem, the present varied practices in the United States, evaluation of these practices, and proposals toward uniformity.

*

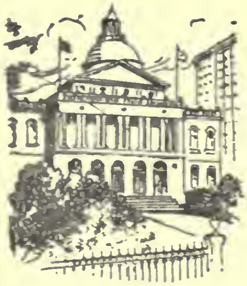
City Problems of 1933. Edited by Paul V. Betters. Chicago, The United States Conference of Mayors, 1933. 111 pp. $2.50

The sub-title of this volume indicates its content—The Annual Proceedings of the United States Conference of Mayors. The meeting at Chicago in September 1933 concerned itself principally with municipal finance, municipal coöperation and unemployment relief and public works. Under finance, speeches are reported on new revenues, delinquent property taxes, municipal credit, the default problem and Detroit's experience, by Simeon E. Leland, Philip H. Cornick, Mayor T. Semmes Walmsley of New Orleans, Congressman J. Mark Wilcox of Florida, and Acting Mayor John W. Smith of Detroit. Municipal coöperation, including city-county consolidation, was discussed by Mayor Angelo J. Rossi of San Francisco and Mayor Daniel W. Hoan of Milwaukee. The relation of cities to relief and public works was discussed by Harry L. Hopkins and Harold L. Ickes.

*

Survey and Report on the Distribution and Maintenance Division of the Providence Water Department, Providence. Providence Governmental Research Bureau, 1933. 29 pp. mimeo.

At the request of the Commissioner of Public Works, under whose jurisdiction the Providence Water Department comes, the Providence Bureau undertook the study which resulted in this report. A number of suggestions, some of major importance, are offered. Among the most far reaching are the recommendations that the accounting system be revised to follow the plan of the State of Massachusetts or the American Water Works Association, that unit cost accounting be installed, and that purchasing practice be improved, especially by the standardization of needed materials.



GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE *Secretary-Treasurer, G. R. A.*

Governmental Research Association.—One of the important projects of the Association during the past year was the compilation of information with respect to the education, training, experience, and fields of special competence of each member of the association. Approximately one-half of the members of the association submitted personnel records in time for them to be summarized and included in the first "Annotated Roster of the GRA", completed just prior to the November convention. This roster has proved useful in helping members become better acquainted with one another. It should also be useful in the selection of specialists for consulting work and in the selection of personnel for staff positions. A copy of the roster is available without charge to members of the association. Additional copies may be obtained for one dollar.

*

Providence Governmental Research Bureau.—A survey of the Providence police department has recently been completed. This survey was made with the advice and assistance of Bruce Smith of the Institute of Public Administration. The survey points out that, judged by prevailing standards of the United States as reflected by reports of the United States Bureau of Investigations, crime rates in Providence are exceptionally low. It also appears that while crime rates throughout the New England area are somewhat lower than those elsewhere, Providence compares well with other New England cities. The report contains an analysis of the expenditures of the department during the last five years. Although Providence has an efficient police department, some recommendations for further improvement are made. The redistribution of the force and the closing of neighborhood police stations is believed to be desirable as soon as a system of radio-equipped patrol cars is adopted. It is also suggested that the assignment of patrolmen to special details be sharply curtailed. The Providence police department is controlled by a board of three commissioners appointed by the governor of Rhode Island for six-year overlapping terms.

*

Bureau of Public Administration; League of Virginia Municipalities.—The recently published report on municipal budgeting outlines in complete detail the procedure which should be followed by a small city in making up a budget document. Forms are suggested for the general budget summary and for the departmental schedules. In connection with the debt schedule the report sets forth the method of determining sinking fund requirements and checking the rate of interest earned by the sinking fund over a period of years. The bureau, which is maintained jointly by the League of Municipalities and the University of Virginia, is prepared to make a sinking fund analysis for any city in this state.

*

Cincinnati Municipal Reference Bureau.—In November the Bureau prepared and distributed a questionnaire on municipal purchasing methods and procedures to the forty-one cities in the United States having a population of two hundred thousand or more. The bureau received replies from nineteen of these cities and has published in mimeographed form a complete analysis of the data collected. Of these nineteen cities, only New York did not have a central purchasing agent. The report shows the status of the purchasing agent, that is, to whom he is directly responsible, the number of employes in each purchasing department, the salary schedule, and other valuable information with respect to the use of purchasing agreements and commodity specifications and the methods used in procuring, handling, and awarding bids.

The Municipal Reference Bureau is maintained jointly by the city government and the University of Cincinnati—the municipally-supported university.

*

Boston Municipal Research Bureau.—The Boston Charter Revision Commission, recently appointed by the state legislature, is now collecting information and advice as to needed changes in the Boston city charter and in the statutes affecting the city government. The Municipal Research Bureau has submitted to this body a memorandum which outlines in some detail the changes which the bureau believes to be necessary. These needed changes may be summarized as follows:

1. Improvement in the budget procedure which would result in the formulation of an all-inclusive financial plan before the opening of each year.
2. Improvement in the accounting system in order to provide better financial control, more accurate information, and an accrual rather than a cash system of accounting.
3. Extension of the authority of the state director of accounts, who now can make investigations and audits of cities other than Boston, to permit him to make audits of Boston also.
4. Revision of the nine separate school tax limits to simplify the conflicting and confusing situation existing at the present time.
5. Requirement that loans must be approved by two-thirds of the city council.
6. Authorization for the public inspection of accounting records.
7. Requirement that reasons for awarding contracts to other than the lowest bidder be made public.
8. Permission for the mayor to succeed himself.
9. Provision for a small city council elected at large by proportional representation.
10. Reduction in the number of city departments from thirty-seven to twenty.
11. Placing of the transit department under provisions of the city charter.
12. Payment of salaries to all three members of the Boston Finance Commission.

*

Cincinnati Bureau of Governmental Research.—The bureau has completed an analysis of the 1932 tax duplicate and an analysis of the delinquent taxes in relation to assessed valuations. This report discloses many interesting facts and would be a useful model for similar studies in other cities where tax delinquency is a major problem. As would be expected, most of the parcels which are delinquent are unimproved, and improved parcels which are delinquent show a relatively high land valuation and a relatively low building valuation, as compared with the average improved parcel. The largest amount of delinquent taxes are due on properties whose valuation lies between $3,000 and $10,000.

*

Philadelphia Bureau of Municipal Research.—Approximately forty-three per cent of Philadelphia water services are at present metered. This, however, includes all of the large industrial services. The installation of meters for the remaining fifty-seven per cent of the services is a debatable matter and the bureau has completed investigations which throw light upon the results which could be expected if this policy were adopted. Briefly, the conclusions of the bureau are: approximately eighteen billion gallons a year could be saved by metering; in 1927, complete metering would have reduced the per capita water consumption in Philadelphia from 180 gallons per day to 155 gallons per day, a reduction of about fourteen per cent; in 1932, it would have reduced the per capita consumption from 154 gallons per day to 131 gallons, a reduction of about fifteen per cent; the saving in water which would result from complete metering would make possible a saving in operation and maintenance of the water works of about $180,000 per year; in addition there would be savings which would arise from the fact that less plant capacity for pumping and treatment would be needed, and smaller demands would be made on the source of water supply. Economy is, of course, a compelling argument for complete metering, but the fact that complete metering would permit a much fairer scheme of rates is also a factor which weighs heavily in favor of this system.

*

Elmira Association of Commerce.—During the last three months of 1933, the Association's Committee on City Government and Taxation experimented with and attempted to discover the potential effectiveness of a bureau of municipal research in this community. In this trial period studies were made of sewage disposal to determine whether the proposal that the city spend about one million dollars on a sewage disposal plant was sound, firemen's pensions to determine whether the volunteer fund should be continued as a separate unit, Elmira's bonded indebtedness, and the cost of operating the school system. These studies have proved the effectiveness of the research approach to the governmental problems of Elmira, and the association may decide to continue the "bureau" during the coming year. The secretary of the association, Oscar Monrad, has been assisted in the research work carried on under the auspices of the Committee on City Government and Taxation, by Richard H. Evertts, B.S., Wharton School of Finance, 1929.

*

Detroit Bureau of Governmental Research.—In a recent bulletin analyzing the financial condition of the school system, the bureau comments upon a proposal now being made in this city for preventing closure of the schools in April. This proposal is that the state subsidy to education be increased substantially by using revenue from the sales of liquor taxes. This procedure, the bureau points out, would probably mean that Detroiters would contribute more to the support of education throughout the state than would be received by the Detroit schools from the state government, and it is therefore only fair that Detroiters, through their representation in the state government, should have something to say about how their money is spent. They should demand, for example, that increased grants to schools be accompanied by a complete reorganization of the 5,300 rural school districts providing for larger units and a county superintendent of schools with real authority.

Kentucky Tax Reduction Association.—The association is proposing a thorough-going revision of the county government law of this state and has presented its proposals to the general assembly which is now in session. It is suggesting that the present county budget law be changed to provide for standard budget and report forms, examination by the state department of taxation and revenue of proposed county budgets, and the filing with the department of budgets adopted; publication of proposed and adopted budgets in newspapers; a uniform fiscal year and changes in the fiscal calendar to make possible operation on a cash basis; and the appointment of a budget officer in each county. To install the improved budgetary procedure, the association is asking the assembly to make an appropriation for an installation staff. Other proposals of the association call for the repeal of mandatory salary laws except for elected officials, abolition of the fee system of compensation for county officials, transfer of the duty of making tax collections from the sheriff and county court clerk to the county treasurer, assessment of taxes on a county unit plan, and the appointment of assessors by the state tax commission.

*

Woonsocket Taxpayers Association.—A report has recently been issued on the city's water supply system. This report points to the conclusion that as the present system is not being used to capacity there is no need for the city to take advantage of PWA assistance in financing improvements and extensions.

*

Rochester Bureau of Municipal Research.—Extensive changes in the government of Monroe County are under way. In October the bureau issued the first of a series of eight reports dealing with the government of Monroe County. This report dealt with the organization, powers, and duties of the board of supervisors. Recommended changes included a smaller board, removal of routine fiscal matters from the board's consideration, and the creation of the office of auditor to be filled by appointment by the board. These changes would reduce the county pay-roll about twenty thousand dollars and make possible other very large savings through better fiscal control.

The county board has approved the recommendation for an appointive auditor with appropriate powers and the recommendation that certain county officials be appointed rather than elected. The legislation to accomplish these changes has been drafted and will be introduced into the state legislature this year. The report of the bureau brought a great deal of favorable newspaper publicity and early this year a commission was appointed by the county board to study the entire problem of county reorganization. This commission will undoubtedly draw heavily upon the informational and advisory resources of the bureau. The bureau is continuing its survey of the county and has recently studied the county purchasing department.

*

New Jersey State Chamber of Commerce.—The Cost of Government Committee of this organization has undertaken an extensive and intensive study of the fiscal problems of New Jersey's governments—state, county, and city. Under Norman F. Titus, director of research, and Fred Telford, formerly director of the Bureau of Public Personnel Administration, a program of research, publicity, and legislation has been planned. A series of bulletins setting forth the per capita costs of city, county, and state government in New Jersey cities and in cities of comparable size throughout the country, was prepared and published during the latter part of 1933. The state government is now being investigated and economy plans for each department formulated.

*

Baltimore Commission on Governmental Efficiency and Economy.—During the past two months the commission has made studies of Baltimore's city planning problems, the pending ordinance to establish a new salary schedule for the classified city service, and the 1934 budget. These reports have not been prepared for distribution, but an analysis of the 1934 budget will soon be issued. This will show a reduction in assessments, a twenty-cent reduction in the tax rate, and in general a "healthy financial condition."

*

Worcester Taxpayers Association.—Several fundamental changes in the city government structure are being advocated. The consolidation of departments, particularly the establishment of a department of public works to include the engineering, street, sewer and water departments, and the creation of the position of purchasing agent are on the association's program for accomplishment during 1934. The association also feels that the present method of selection of officials by city council election should be discarded in favor of appointment by the mayor, subject to council confirmation.

*

American Political Science Association.—The Subcommittee on Political Education of the Committee on Policy of the Association has received a grant of funds for the holding of a series of small, informal conferences. Several of these meetings have been held in different parts of the country during the past two years. In November a conference of some twenty persons met in Ann Arbor for discussion of county government and county reorganization. This group was assembled under the joint auspices of the Detroit Bureau of Governmental Research and the University of Michigan.

On November 10 and 11, the Association and Williams College arranged a conference at Williamstown, on the subject "The Desirable Unit of Local Government in New England."

Other small, informal, invitational conferences of this kind will be held during the coming year.

*

Los Angeles County Bureau of Efficiency.—The bureau has recently surveyed the forty-eight judicial townships of the county and discovered that $100,000 a year, or approximately one-fifth of the total outlay of the townships within the county, could be saved by consolidation and reorganization. These townships cover the entire county with the exception of the cities of Long Beach and Los Angeles which have municipal instead of justice of peace courts to handle their minor judicial matters. The forty-eight judicial townships range in area from 0.01 to 907.70 square miles and in population from 3 to 113,123 people. Each township has an elected justice of peace and constable, and some of the large units have deputies and clerks. The report included a tabulation of the total and the per capita expenditures of each township, a tabulation of the types of cases handled and the number of cases handled by each justice, and a similar tabulation of the work performed by the constables and their deputies. Possible solutions or remedies for the situation are suggested and further study recommended.

Taxation and Government

New York State Conference of Mayors unexpectedly opposes passage of Sumners bill widely endorsed by municipal authorities

EDITED BY WADE S. SMITH

Consultant Service Surveys Filed.—Six municipalities in Westchester County, N. Y., have filed reports made by Dr. Thomas H. Reed, director of the League's Consultant Service, with the county Citizen's Advisory Finance Committee. This is in accordance with conditions laid down resulting from the December 1933 financial crisis precipitated when the municipalities were unable to pay the county its share of taxes collected locally. The municipalities are the cities of Mt. Vernon and Yonkers and the towns of Greenburgh, Mt. Pleasant, Cortland, and Harrison. The sums owed vary from $112,000 for Greenburgh to $1,616,000 for Yonkers.

Floating debt, in addition to that owed the county, is approximately $10,000,000 in Yonkers; $1,803,000 in Mt. Vernon, with an additional $1,600,000 coming due within the next two years; $709,000 in Greenburgh; $186,000 in Mt. Pleasant; $59,000 in Cortland; and $496,000 in Harrison. Though the debts are not large in themselves, tax delinquencies ranging around thirty per cent, except in the case of Cortland, which collected all but fifteen per cent of its levy, extra demands for relief and inability to sell tax anticipation certificates have complicated the problem.

Basically heavy debts previously incurred for improvements are the cause of the present financial difficulties. In several instances debt service amounts to more than half the total budget. In each case the director of the service has recommended a plan whereby the burden of short term debt can be extinguished in from five years in Mt. Vernon to one year in Cortland. Though this will involve increases in tax rates for the time being, it will restore the credit of the municipalities and provide the means for keeping the county in sound financial condition.

The Municipal Consultant Service has also been employed by the Board of Supervisors of Nassau County, N. Y., to make a complete study of that county. The report will cover organization as well as finances.

*

Sumners Bill.— The Sumners Bill, at first expected to pass this session of Congress without the bitter opposition which blocked the Wilcox Bill last session, may encounter hard going. The New York State Conference of Mayors and Other Municipal Officials unexpectedly adopted, in December, a resolution condemning the measure, which has, however, been endorsed by the United States Conference of Mayors, the Investment Bankers Association of America, the Municipal Finance Conference (sponsored last summer in Chicago by the Public Administration Clearing House, Municipal Finance Officers' Association, American Municipal Association, United States Conference of Mayors, and the University of Chicago), the National Conference on Government, and the National Municipal League. Hearings on the bill were scheduled to begin January 23 before the Senate Judiciary Committee. The bill passed the House in the first session of the present Congress.

It seems quite possible that what opposition as does exist is based upon a misunderstanding of the purposes of the bill and of the acute need for it if hundreds of cities are to avoid default and virtual bankruptcy. The country abounds with examples of the need for such legislation. New York City recently offered holders of about $200,000,000 maturing revenue bills a payment of about 15 per cent cash and the balance in three-year notes. More than three weeks after these bills matured, the city comptroller stated that holders of $4,500,000 par value had refused to accept the offer, and if they decided to sue on their claims could throw the city into default. West Palm Beach, Fla., had a debt refunding program worked out and declared effective. A dissenting creditor, holding only about two per cent of the outstanding claims, sued independently for payment in full and upset the whole plan. Coral Gables, Fla., negotiated a debt settlement in the summer of 1931, but in spite of the assent of about 90 per cent of the creditors, the plan cannot now be declared operative because of the threat of unfriendly action on the part of non-assenting creditors. Chicago has had to face the problem of minority "hold-out" creditors in its January 1, 1934, refunding operations, while the Detroit Bondholders group has frequently stated that without federal legislation such as the Sumners Bill, the refunding plan for that city could not be carried out.

Especially interesting is the statement made recently by the National Drainage, Levee, and Irrigation Association, which last spring asked for and received an appropriation of $50,000,000 from the R.F.C. to refinance insolvent drainage, levee, and irrigation district debts. As of recent date, something like $14,000,000 had been allocated to many districts where plans (offering a cash settlement of less than one hundred cents on the dollar) had been set up and accepted by a majority of the creditors. But the R.F.C. requires 100 per cent creditor assent to such plans, and in not a single case has it been possible to secure such a percentage and not a single dollar of the fund has actually been released.

As new city administrations turn to the task of adjusting operating budgets and debt service items in a manner which will be unfair to neither taxpayer nor creditor, it becomes more apparent that the Sumners Bill is necessary in many municipalities. Many units not now in default but depending upon debt readjustments to maintain their solvency will be forced into open default unless they can negotiate settlements on a basis requiring less than the 100 per cent creditor-consent now demanded. The Sumners Bill supplies the way out, and ought to be passed as rapidly as possible.

Campaigns Bringing in Back Taxes.—"Pay Your Taxes" campaigns continue to provide an effective weapon against tax delinquency in cities with pressing financial difficulties, according to reports from the National Pay Your Taxes Campaign Committee. Substantial amounts of tax arrears have been collected, enabling the cities to bring anticipated revenue and actual receipts more nearly into line, and the general attitude of taxpayers improved.

In Columbus, Ohio, the Junior Chamber of Commerce recently sponsored a county-wide tax collection campaign. Delinquent taxpayers were urged to pay under the provisions of the Whittemore Act, which allows, upon payment of current taxes, a funding of arrears. Ten per cent of the total is paid each year for five years, and in the sixth year the remaining 50 per cent is paid, at which time all penalties and half the interest charges are waived. Some classes of delinquents were called upon by canvassers; others were contacted by phone and by mail. More than 2,000 delinquent taxpayers signed up under the act, as compared with a total of 600 in the county having the next highest number. The county treasurer reported that payments totalling $4,300,000 had resulted on the tax duplicate of $4,600,000, and a threatened tax strike had been averted.

A campaign in Houston, Texas, was accompanied by enforcement of collections by the city officials and publication of notices of sale. Installment plans were offered to delinquents, and the county and school districts cancelled interest and penalty charges on a plan whereby if payment was made in the first month, 1 per cent of the penalty would be charged, and then 2 per cent added monthly for each month's delay until a maximum penalty of 10 per cent was reached. Some 32 per cent of the delinquent 1931 taxes was secured, and about 20 per cent of the delinquent 1932 taxes. Taxpayers' morale was improved and current collections stimulated.

In Tacoma, Washington, a committee of 100 directed a tax collection campaign, securing nearly $2,000,000 in delinquent taxes. A report of the executive committee said in part:

"When the committee was appointed total uncollected taxes in Pierce County were $7,079,000.45. On the date of this report uncollected taxes are $5,109,663.89 and will be somewhat less by the last of December. But, where uncollected taxes at the close of each calendar year have been jumping by leaps and bounds since 1929, the ratio of their increase has now been sharply reversed.

"Tax collections from November 1 to December 15, inclusive, 1933, were $811,754.87, or 69 per cent, larger than the collections for the corresponding days of 1932. It is the opinion of your committee that in event a short but aggressive effort be made early in February before the last of the inducing provisions of the 1933 delinquency law expire, a total of more than $1,000,000 additional collections over 1932 can be brought in."

The committee plans to issue a supplementary report in February, when the accounting work in the treasurer's department will have advanced far enough to determine the exact extent of the public fiscal improvement. The committee estimates, conservatively, that some $527,535 in collections are attributable directly to the campaign activities.

In other cities collection campaigns are under way, or are being organized. In Larchmont, N. Y., threats to publish the names of delinquents secured such an increase in payments that publication has been temporarily postponed. In Detroit, Mich., a campaign has been planned to begin January 15 and run through April 10, with $10,000 appropriated by the city to advertise the savings which may be made through prompt payment. Citizens' groups and the city administration in Boston, Mass., are seriously considering a campaign there to clear up part of the $25,000,000 in uncollected taxes. Throughout the country many citizens' councils groups are studying the fiscal condition of their cities, and drives for the collection of taxes are being organized. In Alabama the state council is reported to be investigating ways and means of promoting a statewide campaign in conjunction with the local councils.

*

Speaking of lax tax collection methods, the new comptroller of the city of New York has discovered that $28,750,000 of special assessment levies due the city have not even been billed, though the work has been completed and the contractors paid! Some of the projects run as far back as 1926.

*

The recent decision of the United States Supreme Court upholding the Minnesota mortgage moratorium law has given impetus to the consideration of similar legislation elsewhere. It is to be hoped that legislators will not be rushed into including tax lien foreclosures in such moratoriums without considering the already aggravated situation respecting unwise tax collection legislation.

*

Retrenchment, improvement in tax collections under the Skarda Act, and general financial rehabilitation in Chicago are reflected in the improvement of that city's credit in 1933, shown in a reduction of a half per cent on the interest charged for bond issues floated during the year. More tax warrants were redeemed than were issued.

*

Secretary of the Treasury Morgenthau's announcement recently of a quota system for federal tax collectors in an effort to secure some $800,000,000 unpaid taxes indicates that municipalities are not the only governmental units with delinquency problems. But the Federal Government doesn't let the tax defaulters get away with it.

*

Abolition of the state real estate and personal property tax assessments by Illinois recently is another indication of the tendency of the states to abandon this field in favor of the local governmental units. Connecticut, Michigan, and New York are among the states no longer levying general property taxes for state purposes.

*

Suggestions from various sources that the Federal Government buy tax anticipation warrants of needy cities with R.F.C. funds have so far met with a cold reception from Washington. Yet in New Hampshire, where the state maintains a fund for virtually that purpose, all municipalities are operating without undue strain on either taxpayers or city employes.

*

The village of Stratford, Conn., sent letters to some fifteen hundred tax delinquents recently, urging them to make use of a tax-club system similar to the familiar Christmas club plan, in paying off back taxes. Portsmouth, Virginia, and Highland Park, Michigan, are among other cities using the coupon book method of providing for easy payments of taxes.

NOTES AND EVENTS

H. M. OLMSTED

New York Conference of Civic Organizations.—Under the auspices of the National Municipal League, representatives of thirty-three civic organizations of New York City met at the City Club the evening of January 23 and decided to form a loose organization for the consideration of city governmental problems. Richard S. Childs was elected chairman.

Discussion at the meeting was focused on the economy bill upon which a public hearing was to be held the next day at Albany. R. E. McGahen, Director of the Budget, and Joseph D. McGoldrick, Deputy Comptroller, explained the bill, and various organization representatives defended and attacked sections of it.

Judge Samuel Seabury suggested that after consideration of the economy bill, which was an emergency task, the Conference of Civic Organizations might well direct its attention to (1) charter revision, and (2) reorganization of the lower courts.

*

Santa Clara County to Vote on New Charter.—Voters of Santa Clara County, California, on February 20, have the opportunity to adopt one of the most modern charters to be proposed under the home rule provisions of the California constitution. Providing for a chief administrative officer to be known as the executive-controller, with definite appointive power and clear responsibility, the charter approaches the principles of the model county manager plan as formulated by the National Municipal League.

The executive-controller, assuming the power of the constitutional auditor, has complete supervision of the fiscal program through the budget, purchasing procedure, accounting, and reporting. However, the creation of an elective personnel commission with power to appoint a personnel director and to establish the rules under which the executive-controller must operate will obviously limit freedom of administration. This elective personnel commission is an acknowledged compromise, and may or may not fulfil the expectations of the freeholders.

A provision which permits the voters to petition for the removal of an appointive officer or employe seems of doubtful wisdom. Upon the filing of such a petition signed by two per cent of the registered voters of the county, the board of supervisors must immediately suspend the officer complained against, and after a hearing either make the suspension permanent, or make prompt reinstatement. It is questionable that the operation of this provision will result in increased efficiency. Rather it is likely to give political groups the opportunity to interfere with administrative experts whose functions are to carry out policies already declared, and not to reflect public opinion.

On the whole, however, the proposed charter represents several important steps in advance of previous charters, and its adoption will result in more efficient and economical government for Santa Clara County.

Ross Ryan

*

National Committee on Municipal Accounting.—Organization of the National Committee on Municipal Accounting, in Chicago on January 6, is the first step to promote standards for municipal accounting on a national scale. Through it the major professional societies of public accountants will work with groups of public officials on the committee. The teaching profession and citizens' interests are also represented, thus bringing together the primary groups concerned in municipal accounting.

The general committee includes F. H. Elwell, Professor of Accounting, University of Wisconsin—American Association of University Instructors of Accounting; Lloyd Morey, Comptroller, University of Illinois—American Institute of Accountants; L. M. Barnard, Senior Public Accountant, League of Kansas Municipalities—American Municipal Association; George P. Ellis, President, American Society of Certified Public Accountants, Chicago; H. C. Laughlin, City Manager, Kenosha, Wisconsin—International City Managers' Association; Frank J. Flanagan, Finance Committee Staff, City of Chicago—Municipal Finance Officers' Association; A. E. Neale, City Auditor, Springfield, Mass.—National Association of Cost Accountants; Edmund R. Stewart, State Auditor of Maryland—National Association of State Auditors, Comptrollers, and Treasurers; Lent D. Upson, Director, Detroit Bureau of Governmental Research—National Municipal League; Stuart A. Rice, Assistant Director, Bureau of the Census.

Frank J. Flanagan was elected chairman of the new organization. Lloyd Morey is vice-chairman. These two with F. H. Elwell constitute the executive committee. Carl H. Chatters is secretary. A full-time staff of accountants, supplemented by special consultants, will be engaged in the work, which will take at least three years. T. M. Dickerson, formerly assistant secretary of the National Association of Cost Accountants, will be chief staff accountant.

Each association will have a sub-committee on municipal or governmental accounting with which its representative of the general committee may confer. Thus, the general and advisory committees will bring together the opinions of sixty or seventy persons qualified to speak with authority.

The proposed activities of the group embrace a statement of the history and present state of municipal accounting and reporting; an outline of general principles of municipal accounting; a program for municipal audits including classification of funds, of expenditures and revenues, of assets, and of liabilities; municipal financial reports; a statement of principles for the fiscal organization and management of a municipality; qualifications of accounting officials; and a bibliography.

A standard program for municipal audits is badly needed and will be developed by the committee. Of one hundred eighty-seven cities recently reporting their practice with respect to independent audits, forty-six reported no regular audits, thirty-three reported an audit by some state agency although two or three years might elapse between periods, and one hundred eight reported that periodic audits were made by independent private agencies. Many of these audit contracts are awarded on the basis of bids and the work is given to the lowest bidder whether or not he may have the best qualifications for the job.

CARL H. CHATTERS

*

Western Conference on Government.—Complete program for the western conference on government to be held at Berkeley, Cal., on March 28, 29 and 30, will be announced in the March issue of the REVIEW. Cooperating with the National Municipal League in sponsoring the conference are the International City Managers Association, U. S. Conference of Mayors, Municipal Finance Officers Association, American Legislators' Association and the Governmental Research Association.

*

Connecticut Studying Simplified Local Government.—The Tax Study Commission of Connecticut, headed by Professor Fred R. Fairchild of Yale University, has stated, prior to its first public hearing, that it would be imperative to examine the financial relationships existing between the state, county, and municipal authorities, particularly as to elementary education, public welfare, and highways. The commission thus recognizes a broader function than merely seeking to reduce real estate taxes. The respective authority of the state and the towns is a point of considerable controversy. As to the eight counties, the very necessity of their existence has at times been challenged. The commission will report to the next legislature in 1935.

*

Texas Counties Act for Home Rule.—Under the county home rule amendment to the Texas constitution, approved by the voters of that state on August 26, 1933, which permits counties of over sixty-two thousand population to establish their own governments by popular vote, El Paso and Tarrant Counties (the latter containing the city of Fort Worth) have taken steps for the appointment of charter commissions. In Dallas County a special committee of the Dallas Chamber of Commerce has issued a report on charter revision, and petitions are being circulated as the preliminary step toward this end.

*

Charter Revision in Milwaukee.—After the failure in 1933 of efforts to have the Wisconsin legislature repeal certain obstructive provisions in the charter-making procedure, the common council of the city directed the city attorney to draft a charter ordinance providing for the appointment by the mayor, with approval of the council, of the city attorney, city comptroller, and city treasurer, who are now elected by popular vote. The ordinance was approved by the council and is to be voted upon at a popular referendum requiring a majority vote. Milwaukee may thus adopt the short-ballot principle as one step in a piece-meal charter revision.

*

Vote on City Manager Charter in Seattle Hindered.—Efforts to place the city manager charter amendment on the ballot in Seattle, Washington, are meeting with determined opposition. A legal committee of the amendment's friends has sought by mandamus action to compel the authorities to permit a vote, and a hearing has been held before the Superior Court of King County, to determine among other matters whether the amendment contains unrelated proposals. Fred W. Catlett and other attorneys have presented the case for the amendment, against counsel for the mayor, the comptroller, and the city council.

*

Toward Improvement of County Government in New York State.—Simplification of local government in New York State can be notably advanced if the Desmond bills for voluntary reorganization of county government, introduced in the state senate, become law. Five alternative forms of government, including the county manager plan, are provided for, and any of seven methods of electing officials may be adopted.

Meanwhile, in Westchester County, just north of New York City, the board of supervisors has appointed a commission of seven prominent citizens to make recommendations for a new form of government for that county. Within its 450 square miles there are forty-seven separate units of government, some of them reminiscent of colonial days. The commission includes Carl H. Pforzheimer, treasurer of the National Municipal League.

*

Local Government in North Carolina Mountains Studied.—Four research workers, headed by Columbus Andrews, have gone from the University of North Carolina into the mountain counties of that state to study the local government situation and the prospects as to county consolidation. This study is being made for the Tennessee Valley Authority, under a grant from the C.W.A.

*

Will New York Adopt Effective Liquor Control?—A bill based upon the model liquor control law of the National Municipal League's committee dealing with that subject has been introduced in the New York legislature by Senator Thomas C. Desmond. It would establish a state liquor control authority, with state-owned stores, largely eliminating private profit while producing revenue estimated at forty million dollars annually.

*

Pennsylvania's Liquor Control Program.—While in many states the repeal of the eighteenth amendment, assured by the results of the November 7 election and made effective on December 5, found not only a confused popular attitude toward liquor control but a lack of a definite policy and program on the part of the authorities, Governor Gifford Pinchot of Pennsylvania presented a carefully devised plan to the legislature meeting in special session on November 13. The plan was based on various studies of the control problem and efforts for its solution in Europe and America; it seeks to discourage both intemperance and political corruption by minimizing the element of private profit, and to produce adequate revenue for the state without encouraging bootlegging. The open saloon is barred; licenses for hotels, restaurants, clubs, and others authorized to act as retailers are to be issued by a state alcohol permit board; these establishments and people generally will purchase from state liquor stores. A tax of two dollars a gallon is imposed on liquor stored in the state prior to repeal—a tax estimated to yield $25,000,000—while a tax of one dollar a gallon applies to liquor distilled or imported after repeal.

License fees for breweries and distilleries are greatly increased.

*

Washington Adopts State Liquor Sale.—A bill to empower the state of Washington to conduct a retail liquor sales business has passed the legislature.

*

Sales Taxes Sought and Decried.—The state of Missouri has adopted a sales tax of one-half of one per cent on certain transactions, including retail sales of tangible personal property, admission tickets, railroad tickets and public utility services, newspaper and outdoor advertising, and commercial laundry, cleaning, and dyeing service. It was effective January 15 of this year and expires December 31, 1935. It is expected to produce from four to six million dollars a year. Colorado and Louisiana are also considering sales tax legislation.

On the other hand, Governor Lehman of New York advocates the repeal of the sales tax in that state, and Mark Graves, eminent tax authority and former head of the New York State Tax Commission, has been outspoken in opposing the New York retail sales tax, declaring that it is "the most difficult and perplexing statute which we have ever tried to administer." He has also objected to it on the ground that it has driven business from the state.

*

Old-Age Pension Laws.—Besides Ohio, which, as noted in the *Review* in December, adopted an old-age pension law last year, eleven other states enacted this type of legislation in 1933, according to the *United States News*. They were: Arizona, Arkansas, Colorado, Indiana, Maine, Michigan, Nebraska, North Dakota, Oregon, Pennsylvania and Washington. Prior to 1933 the following had done so: California, Delaware, Idaho, Kentucky, Maryland, Massachusetts, Minnesota, Montana, Nevada, New Hampshire, New Jersey, Utah, West Virginia, Wisconsin, and Wyoming. The Arkansas law has been declared unconstitutional, however. In twenty-one of these states old-age assistance is mandatory upon the counties; in most cases the states contribute substantially, and in Colorado, Delaware, Michigan, North Dakota, and Pennsylvania the state stands the entire cost.

*

Valuable Tax Information.—The General Welfare Tax League, 309 East 34 Street, New York, of which Mabel L. Walker is secretary, is establishing a series of information bulletins for its members and others. Bulletin No. 1, for the month of November 1933, consists of seven mimeographed pages. It comments on recent tax legislation in general, and on tax limitation, sales taxes, and income taxes in particular. Two very valuable tabulations are included—one relating to general sales taxes in effect in the various states as of October 1933, the other doing similarly as to personal and corporate net income taxes. There is also news of the League.

Bulletin No. 2, for December, presents a study of tax limits, and includes a table of constitutional and statutory tax limits in the various states as of November 1933.

Bulletin No. 3, for January, is devoted to the subject of liquor taxation. Members of the league receive the bulletin free; to others it is twenty-five cents a copy.

*

Western Bus and Truck Conference.—At the request of the state of Utah, a western bus and truck conference will convene in Salt Lake City, Utah, June 25, American Legislators' Association has just announced.

Representatives from eleven states have been invited: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The Western Conference of Governors has endorsed the meeting.

Problems of uniformity of weight and dimensions of motor vehicles transporting passengers and freight will be discussed along the lines of the first Interstate Bus and Truck Conference at Harrisburg, Penna., in 1933. In addition, the westerners will look toward framing of uniform legislation relating to taxation, licensing, and traffic regulations.

Participants will include presiding officers of the legislatures, motor vehicles and highway commissioners, public utility commissioners, chairmen of the standing legislative committees on motor vehicle legislation, and designated members from the senates and houses of the various states. Representatives from the United States Bureau of Public Roads are also invited.

In announcing the conference, Henry W. Toll, director of the American Legislators' Association, says: "In the past many difficulties of governmental regulation have been aggravated by the absence of facilities for conferences between law-making bodies. It is hoped that this conference will provide an opportunity for drafting coöperative and mutually agreeable motor vehicle regulations"

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EDITOR
HOWARD P. JONES

MANAGING EDITOR
EDWARD M. BARROWS

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THE LEAGUE'S BUSINESS

Meeting of Executive Committee.—A meeting of the executive committee was held at the City Club of New York, Saturday, February 24, with the following persons present: Harold S. Buttenheim, Richard S. Childs, Louis I. Dublin, George H. Hallett, Jr., David Hinshaw, Howard P. Jones, Frank H. Morse, Thomas H. Reed, Murray Seasongood, Howard Strong, and Laurence Tanzer.

The budget for the coming year was submitted by the secretary and approved. Calling for an expenditure of $46,450.00, the budget is slightly higher than last year, a condition justified by the fact that the League during the fiscal year just ended received more money than was budgeted.

Mr. Hinshaw, chairman of the ways and means committee, reported interesting possibilities of new sources of income for the League, and Dr. Reed, director of the municipal consultant service, told of the work of the service. The following municipalities have been surveyed and reports rendered: Yonkers, Mt. Vernon, Greenburgh, Cortland, Harrison, and Mt. Pleasant. Surveys of Nassau County, N. Y., and Allentown, Penna., are now in process.

* * *

Western Conference on Government.—Plans are maturing rapidly for the Western Conference on Government to be held at Berkeley, Calif., March 28, 29, and 30. While the details of the final program are not yet available, a most interesting session is assured and all western members of the League are urged to set aside the dates on their calendars. A number of national organizations, including the League, are coöperating.

* * *

Judges Appointed for Baldwin Prize.—President Murray Seasongood announced the following tentative appointments of judges in the annual Baldwin prize essay contest: Professor William Y. Elliott of Harvard University, Professor Everett Kimball of Smith College, and President Stanley King of Amherst College.

* * *

President Seasongood's Book in Braille.—We have just learned that "Local Government in the United States, a Challenge and an Opportunity," by our president Murray Seasongood (Godwin lectures delivered at Harvard University), has been published in Braille by the American Printing House, Louisville, Ky. This volume has the distinction of being the first book published by the Harvard University Press to be embossed for the blind.

* * *

Our Radio Broadcasts.—The new radio series on "Reviving Local Government" is now under way. The League, through its Committee on Citizens' Councils for Constructive Economy, is coöperating in the presentation of these programs with the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association. The program for March and April is as follows:

March 13—"Social Problems in New York City." Miss Loula D. Lasker, Associate Editor, The Survey; William Hodson, Commissioner of Public Welfare; Langdon Post, Tenement House Commissioner.

March 20—"Ohio Forging Ahead." R. C. Atkinson, Director, The Ohio Institute; Leyton E. Carter, Director, Cleveland Foundation; W. M. Cotton, Assistant Director, Cincinnati Bureau of Municipal Research.

March 27—"Improving Local Government in New Jersey." Governor A. Harry Moore, New Jersey; Thomas N. McCarter, Chairman, Local Government Plan Commission; Charles P. Messick, Chairman, State Planning Board.

April 3—"Progress in Pennsylvania." Mrs. R. Templeton Smith, President, Allegheny County League of Women Voters; Professor Robert C. Brooks, Swarthmore College; William C. Beyer, Director, Philadelphia Bureau of Municipal Research.

April 10—"State and Local Government in the Control of the Liquor Traffic." Albert L. Scott, Engineer, Co-author Rockefeller Report, "Toward Liquor Control"; Yandell Henderson, Professor of Applied Physiology, Yale University; Prof. Luther Gulick, Columbia University, Director, Institute of Public Administration.

April 17—"From the Heart of the Depression." Mayor Frank Couzens, Detroit; Arthur J. Lacy, Attorney; Prof. Arthur W. Bromage, University of Michigan.

April 24—"Local Government and the New Deal." Dr. William T. Foster, Consumers Advisory Board; Harold D. Smith, President, American Municipal Association.

Howard P. Jones, *Secretary*

Editorial
Comment
◆
March

NATIONAL
MUNICIPAL REVIEW

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Federal Aid to Local Governments

LEGISLATION has been introduced into the present Congress to provide aid for the suffering school system of the country. Conditions are critical in the world of education. On all hands we find schools closed, special departments such as kindergartens eliminated in schools that are open and teachers in vast numbers working without pay. The case for federal aid to the public schools is a strong one.

The present bills provide for the allocation of federal grants or loans by the United States Commissioner of Education on the basis of relative need. So far, so good. There is talk, however, of impending changes to the bills which would force division of the money among the states on the basis of their school population. With this suggestion the NATIONAL MUNICIPAL REVIEW takes vigorous issue. If money is to be appropriated for the aid of education in this financial crisis, it should be spent where it is needed to keep the schools open. It would be the height of folly for the same proportion of funds to be allotted to Alabama, where approximately half the schools are still closed despite desperate efforts of a united citizenry to keep them open, and to New York State, which has had relatively little trouble.

There are two other points to be considered here. Unconditional federal assistance would simply result in a freezing of the present wasteful administrative organization of the school systems of many states. If federal money is to be spent, it should not be spent without strings attached, strings which would make possible the elimination of millions of dollars in waste that is due to the small school district in many states.

The second point to bear in mind is that schools are not the only local governmental service to have been hard hit by the depression. Read "Our Starving Libraries," by R. L. Duffus, to get a dramatic picture of what has been happening to the most important cultural service with which our civilization has provided adults. Or communicate with the American Public Health Association to learn of the abandonment of modern public health units which prevent disease that would take economic toll far beyond the small expenditure required for prevention. "Public health is purchasable" has been the slogan of this group for many years. It is sad but true that we are no longer buying it. This is not to speak of the other services of local government: there are communities where police protection is breaking down due to a lack of money to meet pay-rolls and renew or repair equipment. In city after city officers are riding motorcycles no longer fit for their purpose, and firemen are fighting fires with leaky hose and worn out pumpers.

These services, too, require federal consideration. The fact of the matter is that in many sections of the country local government has been breaking down—that the services that supply the very foundation of modern civilization are no longer being rendered—and that something must be done and done quickly to prevent such communities from complete disintegration. *All* the social and cultural services of local government are important and interdependent—take any one away and the effect may be unthinkable.

It is time someone did some thinking and laid down some principles of federal aid to local governments. As a starter, these might be considered:

1. Money should be allocated on the basis of need.
2. Power should be given to a qualified administrative authority to lay down rules, regulations, and requirements (both as to expenditure of funds and reorganization of existing machinery) on which the grant may be conditioned.
3. All functions of local government should be given consideration in any program of federal aid.

H. P. J.

The Prison Probe

[Editorial from the Emporia (Kans.) *Weekly Gazette* February 1, 1934]

MUCH good it will do to hold a prison probe at Lansing, to see who is responsible for the prison break in the state penitentiary. That break, and every other break in this state, is the fault of the people of Kansas and their own political genius.

Governor Landon is not to blame. He has to run the prison as the people want it run. He would like to run a non-political prison. Every governor would. Lacey Simpson is not to blame. He would like to hire the best men that money could buy for guards, and choose them carefully. The guards are not to blame. They would like to belong to a closely knit organization, responsible only to the warden.

But none of these things can be. Landon is handicapped by his party—indeed by the party system. The people sustain the Republican party and demand that the jobs shall be turned over to workers for the party. So Landon appointed Simpson. It was good politics. Simpson has to take as guards the men whom Landon's party workers in the various counties send to him. They send the best they can. But the guards who change with the parties are not trained for the job. The Democrats are no better than the Republicans. It is the party spoils system which the people demand.

What would happen to a governor, Democrat or Republican, who would say, "I propose to go out into the United States and hire the best prison man that I can find, whether he is a Georgia Democrat, or a Vermont Republican, or a Wisconsin Socialist. I propose to put him in charge of the prison at Lansing. I also propose to make him entirely responsible. I will give him a free hand to hire and fire his guards where he will and how he will, pay them little or much, put them under civil service so that they can stay for life or be discharged on ten minutes' notice, without saying aye, yes, or no to the governor's office in Topeka."?

What would happen to such a governor, going down to Georgia to hire a Georgia Democrat? Who would hire guards from all over the United States upon merit only? The people of Kansas would rise up and swat him. "We have good enough men in Kansas," they would yammer. The politicians would desert a governor who went outside the state for a warden. We want the kind of government we get, though we growl and grumble.

HERALD
NEWS-EVE
The Daily

HEADLINES

County reorganization is in the air and everywhere. The Massachusetts legislature considers two bills creating commissions to study the entire county framework of the state with a view to rebuilding Bay State counties from boundaries to budgets. Cornerwise across the country, New Mexico contemplates a special legislative session to consolidate certain counties, correct the boundaries of others, and permit administrative improvements in all. Georgia, Tennessee, and Arkansas newspapers and civic organizations are pressing for county consolidation, though no ordered legislative program seems to have taken shape. To these, add whatever state the reader of these lines happens to be in at the moment, and their combined plans for doing something about counties will give a fair composite of what the rest of the Union wants.

* * *

Buffalo adopts an ordinance prohibiting injurious endurance contests, such as dance marathons, flagpole sitting, etc. It ought to extend to the public exhibitions in which the injurious endurance is borne not by the performers, but by the citizenry. These include fence-sitting contests by candidates for office, flag-flapping by patriots who need a war menace to distract attention, cross-country marathons for the rural vote, and the politicians' relay—running up the taxes and running down the jobs.

* * *

After struggling through many barriers of politics and prejudice, Seattle's city manager campaign comes a cropper in the courts. A petition for a referendum on the city manager plan which 13,300 signatories tried to compel an unwilling city council to act on, is declared illegal in that it proposes submission of unrelated matters to the public under one law, the "unrelated matters" in this case being the city manager plan of government and the proportional representation plan of voting. Advocates of charter change, however, are preparing to fight on.

* * *

Mayor Walmsley of New Orleans describes a new civic thrill: "This is the first time in my public experience that any body of citizens has been sufficiently interested to make a study of the city budget and to offer constructive suggestions." The occasion was the first meeting between officials of the city and of the recently organized Bureau of Governmental Research, to discuss the $8,000,000 budget.

* * *

New legislation in Wisconsin gives local governments the proceeds of liquor taxes, to be applied to general property tax reduction. The Wisconsin League of Municipalities thanks Governor Schmedeman and the legislature in behalf of all the cities, towns and villages in the state, saying, among other pleasant things, "This shift from the previous policy of the state in appropriating for itself new promising sources of revenue and leaving municipalities largely dependent upon the general property tax is very encouraging indeed."

Radio as an instrument for direct action in government has possibilities worth watching. Within the last few months it has been used to swing the people in behalf of everything from revolutions to highways. January issue of *Better Roads* tells how Summit County, Ohio, used radio in a campaign to vote a half million dollar bond issue for highway improvements, in the face of tax delinquencies and economy campaigns. The campaign was successful, as *Better Roads* believes the highway improvements will be also.

* * *

After four abortive attempts, opponents of Dubuque, Iowa's city manager system succeed in producing a referendum petition that is both legally worded and sufficiently signed by bona fide citizens. Accordingly, Dubuque votes in March on whether to abandon the city manager plan.

* * *

3,780,584 fingerprints were on file in the Division of Investigation at Washington at the end of 1933, and there are not punishments enough to fit all the crimes. A recent report of Attorney General Cummings lists the phases of police activity which stand in immediate need of legislation. These include regulation of traffic in machine guns and firearms, prison escapes including complicity of prison officers and employes, resisting and killing a federal officer, inter-state transportation of stolen property, simplification of removal proceedings, escape from lawful custody while awaiting trial, waiver of indictment by grand jury in certain criminal cases, and regulation of alibi defenses. The list points to a changing technique in the world of crime. As straws tell which way the winds blow, laws tell which way the sins grow.

* * *

"The Citizen's Council stands for government of the people, by the people, 1934 model" according to Anna Steese Richardson, who devotes a page of facts, figures, and illustrative incidents in the current *Woman's Home Companion* to showing why this is so.

* * *

Among the financial curiosities unearthed by the "Pay Your Taxes" effort is this one, brought to light in the New Mexico *Tax Bulletin:* seventy per cent of the New Mexico taxpayers pay only eight per cent of the total tax budget. Fifty per cent of this group is delinquent in its taxes, by inference leaving thirty per cent of the taxpayers to bear the brunt of ninety-six per cent of the state's tax. What portion of the thirty per cent are holding the tax bag for the delinquent members of their own group, the *Bulletin* does not state. Too merciful, perhaps.

E. M. B.

Wisconsin Cities Count Their Debts

Prejudice a poor substitute for facts in public financing

GEORGE PFEIL *University of Wisconsin and Northwestern University*

THE grey-blue smoke of a hundred stubby cigars wreathed to the ceiling and dulled the already dim lights. "Eight hundred — er — nine hundred thousand dollars. I don't know how much." The speaker, a man just past fifty, wearing a cheaply fitted suit, paused. "I don't know how much it is; but it's a lot of money. The city can't afford it: it's broke now; or if it ain't broke, it will be when it gets this crazy sewer project done." He struck the much-battered table with a clenched fist to punctuate his sentences, and the stuffy hall resounded with applause started by the more faithful members of the local citizens' league.

The purpose of the public meeting was to block the proposed federal public works project: a long-needed sewerage disposal plant. Without concern for easily available facts on local municipal indebtedness, the four original opponents of the proposal thus began a campaign of confusion, which, through fear of municipal bankruptcy, now appears to have wrecked the project.

The city in which this occurred, strangely enough, has the third lowest bonded indebtedness of the seven cities of its class in Wisconsin; and it ranks fourteenth, out of 117 cities of its size in America. It is in such a case as this that a little knowledge may prove to be a dangerous thing, for every street-corner crowd could be stirred to excitement by mere reference to its "knowledge" of conditions which were pure fiction.

To avoid similar unfortunate results, by the planting of misinformation through inadequate statistical statements, statistics must be reduced to comparisons which hold meaning for the untrained mind. Those who seek to vitalize public support with factual evidence must come to realize that "statistics in the raw are seldom mild."

Consider the city of Milwaukee, which has been widely publicized as a debt-free city. Milwaukee is not a debt-free city; but the statement that Milwaukee has a bonded indebtedness of $38,484,000 does not make the picture much clearer, for there must be comprehensible comparison. One way to make it more intelligible is to reduce this to a per capita basis. Thus, in 1932, the debt appears as $66.55 for every man, woman, and child living in Milwaukee. If other conditions were equal, this would be strictly comparable to any city on a basis of dollar for dollar, person for person. Other conditions, however, are not equal. The Milwaukee citizen is deeply conscious of the growth of his city since the 1930 census, a growth which would not be truly shown in the comparison. Neither would this indicate that funds have been set aside by Milwaukee to eventually place it on a "pay-as-you-go" basis.

To adequately compare Milwaukee either with other first-class cities or with cities of smaller size on a per capita basis, per capita valuation as well as per capita indebtedness ought to be shown. A complete comparison would contrast the needs, resources, and completed improvements of each city. In the comparison of groups of cities, there is a tendency to equalize or modify the exceptional conditions which appear in the analysis of individual cities, which actually improves rather than injures the basis of comparison. Thus, in 1930, the per capita indebtedness of cities of the first class in the United States was $185.58. For the same year the per capita indebtedness of Milwaukee was $77.85. To put this in another way, the debt for every person in Milwaukee was only forty-two cents for every dollar owed by the average person of the average first-class city in the United States.

EFFECT OF SIZE ON INDEBTEDNESS

To adequately compare the per capita indebtedness of Milwaukee to the per capita indebtedness of other Wisconsin cities, size is only one factor. Nevertheless, the significance of size in relation to debt is interesting, for the following table indicates that per capita indebtedness tends to increase in direct proportion to population.

The 119 cities of the fourth Wisconsin class have slightly more population than the eighteen cities of the third class; yet the entire 119 cities have only sixty per cent as much debt as the eighteen third class cities. Although the seven cities of the second class have eleven per cent less population than the 119 cities of the fourth class, the total debt of the second-class cities is nearly twice as large as the debt of the fourth-class cities. The single city of Milwaukee with thirty-two per cent of the population of Wisconsin cities has almost as much debt as all the other 144 cities combined!

WHY WISCONSIN CITIES BOND THEMSELVES

Wisconsin cities have built, mainly through bonding, municipally-owned electrical utilities in one out of three cities, they have constructed sewerage systems in six out of seven cities, and they have built or purchased water supply systems in fourteen out of fifteen cities. Recently expansion has been most important in the collection and disposal of garbage and sewerage.

More bonds, however, have been issued for the construction of schools than for any other single purpose. In the period from 1926 to 1931 the total amount of school bonds rose constantly, increasing over fifty per cent, in contrast to the eighteen per cent increase of total bonded indebtedness. In 1931 school bonds represented 36.2 per cent of the total bonded indebtedness.

Public improvements, which include harbors and bridges, streets and sewerage systems, in this period rose less spectacularly twenty per cent, but included an even larger total proportion of the municipal indebtedness in 1931 —46.6 per cent. With schools, this classification included 82.8 per cent of the 1931 city debt!

The indebtedness for parks increased 56 per cent in this period; but even in 1931 parks represented only 5.8 per

POPULATION AND INDEBTEDNESS OF WISCONSIN CITIES

Groups	Total Population	Years						
		1926	1927	1928	1929	1930	1931	1932
Over 150,000	578,249	$63.48	$68.98	$63.45	$76.76	$77.85	$80.19	$66.55
39,000 to 150,000	330,789	54.49	55.82	56.38	55.68	58.71	60.45	58.70
10,000 to 39,000	360,430	39.78	43.77	42.84	44.46	46.15	46.45	44.68
Less than 10,000	361,691	21.46	29.50	31.90	28.90	26.82	26.19	24.41
All cities	1,631,159	48.18	51.50	50.54	54.65	55.82	56.92	50.79

cent of the whole debt burden. The year 1927 provided the largest share of bonding that has existed for public service enterprises. In that year they represented 10.2 per cent of the total. By 1932 they had dropped to 5.5 per cent, and by referendum in 1932 they may be eliminated from the debt limitations of cities hereafter.

The highest proportion of indebtedness for public buildings for any year between 1926 and 1932 was 1930, and yet they required only 5.1 per cent of the total. Refunding has generally been unimportant, except in four cities. Between 1926 and 1932, the total amount of refunding ranged very close to a million dollars for the 145 cities, or an average of about sixty-one cents for each person, if equally divided. All other items, including equipment, never reached six hundred thousand dollars during any year; although the total of bonded indebtedness for cities was between seventy-nine and ninety-three million dollars.

LEGAL PROVISIONS PREVENT DEBT

The low per capita indebtedness of Wisconsin cities is at least partly due to constitutional limitations and statutory provisions. The cities of Wisconsin have been limited to an indebtedness of five per cent of assessed valuation. Other municipalities have also been limited to this amount. The state itself has been limited to borrowing a hundred thousand dollars except for purposes of war. These rigid provisions undoubtedly have worked hardships on some cities, but they have helped to maintain a low per capita indebtedness. To supplement the limit on borrowing, provisions make city bonds payable in twenty years, school district bonds payable in fifteen years, and bonds against cities of 150,000 or over (Milwaukee only) payable in fifty years. It is also provided that an irrepealable annual tax must be levied to pay interest and principal at the time the bonds are issued. All of these provisions have tended to limit per capita indebtedness, since the maximum tax rate of 3.5 per cent is usually adequate for necessary expenditures.

FEW OVERLAPPING DISTRICTS OF INDEBTEDNESS

It is significant to note, in view of the five per cent constitutional limitation, that the evasion of the limitation through overlapping public improvement districts has actually been less common to Wisconsin than to states with higher per capita municipal indebtedness. In Wisconsin the school district, when completely within a city, is part of the city instead of a separate district, and even the smaller cities may sever the school district to include the debt for schools within the city debt. Metropolitan sewerage districts with the power of levying taxes for bonded debt are to be found in only three places in Wisconsin. In only two of these places are there actually overlapping debts. Permission to exclude bonds on public service enterprises in city indebtedness was only provided in 1932, but bonds are issued against the revenue producing utility. A proposal to change the constitution, in order to create joint municipal power districts, with overlapping bonding areas, although passed by the 1931 legislature, was killed by the legislature of 1933. Had this measure passed in 1933, it would yet have had to have the approval of the people of the state in a referendum before affecting the present limitations. The difficulty of constitutional amendment has prevented the relaxation of the limitations on indebtedness, since it requires almost four years of activity and approval to effect a change.

The city dweller in Wisconsin normally lives in three overlapping districts: the state, with an insignificant debt of sixty-one cents for each person;

the county, with a maximum indebtedness of five per cent; and the city itself, with a maximum indebtedness of five per cent plus public utility bonding, since 1932.

CITIES HAVE THE LARGEST PART OF THE TOTAL DEBT

That the city debt is not a small proportion of the total indebtedness of the whole state, despite its favorable comparison with other states, may be seen by deducting sinking funds from the total long term indebtedness of Wisconsin and all its subdivisions. In 1932 the grand total, gathered from four authentic sources of information, was very close to $185,000,000, or about sixty-one dollars per capita. When that is compared with the $82,886,011.59 of city indebtedness, which amounts to $50.79 per capita for city dwellers, the large part of the city unit is made clear.

RIGID LIMITATIONS CAUSE DISTRESS

The same rigid provisions which have limited the indebtedness of cities, have, however, made them no economic Utopias during the depression. As property values have gone down and tax delinquency has increased, the rigidly fixed charges of interest and principal have taken an ever larger portion of current taxation. Thus retrenchment set in very deeply in 1931 and 1932, so that the total bonded debt of Wisconsin cities decreased for the first time in many years. Yet despite a reduction of 10.81 per cent in actual debt, the previous margin for bonding in some cases vanished, in the even greater depreciation in property valuation, upon which the margin of indebtedness is based. The drop in the recommended value of all property in Wisconsin, of 14.9 per cent, between 1929 and 1932, only poorly indicates the great difficulties confronting particular cities in 1932; while it fails to include the steeper drop in values for 1933, statistics of which are not yet ready. During this period, several cities with an adequate bonding margin, found difficulty in financing outdoor relief, because bonds could not be issued for this.

Early in the depression attention was directed to county unit systems of outdoor relief, encouraged by the Wisconsin Industrial Commission and hard-pressed cities. It was strongly opposed, however, in county areas where less relief was needed. Even where accepted, this plan offered no solution to the financial problem, for the same provisions on indebtedness limited the county's actions, in addition to the problem of raising adequate funds with a tax rate of only one per cent.

A TYPICAL DIFFICULTY

Dane County, the capital site, illustrates the difficulty. Between 1929 and 1933, Dane County valuation decreased 21.5 per cent, while indebtedness was reduced only six per cent. In 1932, Dane County paid out $353,000.00 for outdoor relief, as against $162,500.00 for general government. In other words, outdoor relief alone cost 2.18 times as much as the cost of the general government. This sum could neither be raised by bonding nor excluded from the one per cent maximum tax rate. Due to its high per capita valuation the tax rate was fully adequate. Many other counties, faced with equally heavy financial drains, have only a fraction as much per capita valuation for a taxation base. In one such county jury trials have been discontinued to save that small expense for relief purposes.

In desperation, as the depression deepened, the cities and counties appealed to the 1933 legislature for aid. With the state general fund depleted, with state bonding impossible, and with those in power opposed to further taxation on wealth to equalize the burden on property, the only remaining means was to liberalize, in so far as possible, limitations on municipal borrowing. This latter course was followed, and practically every measure offered went unopposed through the legislature.

DEBT PROVISIONS CHANGED IN 1933

Every conceivable method to escape the rigid Wisconsin provisions was exploited. Municipalities were permitted to temporarily borrow an amount equal to all funds held by closed banks, by an act passed unanimously by both legislative houses. All cities except Milwaukee were permitted to issue bonds for emergency relief purposes, to replace the sum expended between 1929 and 1933. Counties, too, were permitted to issue bonds for "current and ordinary expenses." Two legislative acts, one of which was liberalized by amendment, abolished the provisions which bound cities and counties to include the payment of interest and principal on bonds in the maximum tax rate, which went unchanged. Another act provided for borrowing on the city's full share of uncollected delinquent taxes, payment of which was to be made *if and when* the delinquent taxes paid into a sinking fund reached the amount of the principal and interest of the bonds issued.

The most unique of the many bills concerning municipal indebtedness was the act to aid in the financing of public works under the National Recovery Act. The bill took advantage of the fact that utilities were exempted from the five per cent constitutional debt limit by an amendment in 1932. In order to provide for municipal public works under the national program, the statute declares all public works "undertaken pursuant to this federal act" to be "public utilities." Thus the five per cent limitation might have been completely evaded, provided the public works were a part of the national recovery program. The attorney general, however, declared the act of doubtful constitutionality, which will tend to prevent further borrowing under its provisions.

In order that a city may have less debt and more improvements, political romance must be sacrificed for scientific direction. Cities must plan to pay when they plan to borrow. In Wisconsin, this problem is solved by the constitutional provision for a direct annual tax to pay for the interest and principal within fifteen years for school district bonds, twenty years for municipal corporations, and fifty years for the acquisition of lands by cities and counties having over 150,000 population. Bonds should never run longer than the life of the improvement, and refunding should be discouraged.

BLUE PRINTS FOR THE MUNICIPAL DEBT STRUCTURE

Cities should plan to build when costs are low and unemployment is high; while they should plan to pay as property valuation rises and unemployment decreases. This means not only greater stability, but lower interest rates and lower ultimate costs. Recurring municipal expenses should be planned, when possible, sufficiently far in advance so that the city budget may be adjusted to lessen the need for bonding. The larger the city, the more easily this may be accomplished; for with the growth of the city, the construction and repair of school buildings, streets, and other improvements tend to become an annual expense.

Radio in Elections: Cincinnati Tries It

Tips from experience with the new arm for gathering in votes

WALTER J. MILLARD

Field Secretary, National Municipal League

From now on a large portion of the funds spent on influencing votes in municipal campaigns will be spent on radio. Some of this money will be spent by volunteer citizen groups which are organized on practically the same basis as is the City Charter Committee of Cincinnati. No one who contributes time or money to such an organization expects to receive any return when its candidates win other than the satisfaction of living in a well-governed community. The amount of money available is never as much as that which can be raised by the group whose real object is a return to the spoils system, so that added to the moral responsibility to use the money well is the necessity of making a small amount go far.

It fell to the lot of the writer to have charge of the campaign by radio of the City Charter Committee of Cincinnati during the weeks preceding the election of the city council in the fall of 1933. The organization succeeded in electing for the fifth time a majority of the members of that council, though by a slender majority of votes. Something of a self-examination of the organization has gone on since then to discover why the margin was so small. The late Dr. W. H. Rivers in his book, *The Psychology of Politics,* points out that when a very young baby is subject to any form of irritation it responds with the "all over" reaction—squirming and thrashing out with arms and legs—and he maintains that in all forms of mental retrogression in adult life we tend to return to this primitive response. Cincinnati has its share of those who, because they suffer economically, emotionally, and spiritually will vote against those in power whoever they be. While this can only be done by voting for those out of power it is not because of reasoned confidence in the latter.

Nevertheless, the margin held in Cincinnati, which shows that the integration of emotion and reason associated with adult action has been retained by most of the city's voters. How many were aided in this by the deliberate attempt to appeal to both reason and high emotion which underlay the radio campaign of the City Charter Committee cannot be known. Fan mail was so slight as to be valueless, and one or two of the few letters received revealed inchoate minds. Oral reports were numerous and showed that waverers were being kept in the fold even if opponents were not being changed. But these reports were not of a character that would satisfy a maker of statistical tables. Certainly no special effect seems to have been produced by any one particular broadcast. It was a source of wonder to discover the effect of the same statement on different people. If a supporter called up in irate tones to ask why a certain sentence or argument was used in the previous evening's broadcast, within an hour or two an equally loyal supporter would declare the thing in question to be the most telling point in the campaign.

Metropolitan Cincinnati is blessed, if that is the proper word, with five radio stations, but one has its antennae on the Kentucky side of the river. So in deference to parochial feeling which is heightened at any local election and which was deliberately cultivated by the Republican "regulars", that station was not used. The appropriation of thirteen hundred dollars was apportioned, practically speaking, among three stations; special funds were raised for the use of the fourth which, being one of the most powerful in the world, is expensive to use. Part of the money, three hundred dollars, was set aside at first for advertising the broadcasts in the daily papers. While some money was spent for this purpose, the small amount of space out of an entire page which could be bought each day led to a discontinuance of such expenditure and the money used to buy more radio time.

A contract to use thirteen quarter-hour periods was made with the three stations principally used, the reduced terms making this very worth while. Actually a total of thirteen and a half hours was used under the committee's direction. In all but three cases this was used fifteen minutes at a time, which seems the limit for most people's mental meal. Twice when the President of the National Municipal League, Murray Seasongood, spoke at mass meetings, the speeches were "picked up" and more than one fifteen-minute period used consecutively. It was the aim to begin as many of the broadcasts as possible on the even hour, as these are easier to remember. All broadcasts were in the evening in the belief that then more families would hear them together and discussion follow. The opposition used some afternoon time, which is much cheaper, and had talks by women directed to women, but Charter women who heard them were consulted and they advised against it.

The talks commenced comparatively early, the first being on September 26 and the last on November 6, the night before election. The idea was to get to the voters before the opposition could make the appeal expected of it, to prejudice. The result of such early appeal made it evident that if ever an organization can afford the funds, a year-round program should be considered. All but two of the speakers were men. Fortunately the women had low rather than high overtones and so "received" well. Every candidate was on the air at least twice and over different stations. Eleven other men also spoke but they were, with notable exceptions, placed early in the campaign. This helped keep only the candidates and their names in the public mind during the last weeks.

KEEP CONTINUITY AND UNITY

The writer made the opening address over each station taking his cue from a statement of Henry Bentley, the chairman of the committee, that campaign time should be a period of civic education. Only on three occasions were there more than one address the same night and then, naturally, not at the same time. This made it possible for the writer to act as introducer and closer at practically all broadcasts. Thus a continuity and unity was achieved which seems important. Some speakers prepared talks which it was evident would run overtime and a gentle firmness was necessary to get them to prune them. In this way the anticlimax of having a speaker cut off by the station announcer because time was exhausted was avoided. However, on one or two occasions speeches did not fill out the time by a minute or two. The man who wrote about golden hours being set with diamond minutes comes to mind at such times. If the committee's representative can think fast he can use what has to be paid for in any event. It was found worth while to pay attention to the type and size of paper used by speakers to prevent paper rustling.

It was not necessary to write all one's speech. If someone was not used to writing and making speeches he was engaged in conversation in the presence of a stenographer. With slight rearrangement a good speech could always be made out of the notes. When later he read what were not only his own ideas but his very words, he discovered that just as M. Jourdain had been using prose all his life without knowing it, so he had been making speeches. This gave a sincerity to all the radio utterances which is far and away the most important attribute to strive for.

VAUDEVILLE MUST BE GOOD

Twice a week the "regular" Republicans had on the air two mythical characters, Jim and Joe, who by strained satire and labored ridicule tried to discredit the city government. These colloquies were stenographically reported for the committee but the matter contained, and above all the effect produced, did not tempt us to use the method. We are quite sure it gained us many votes and it so stirred many women who previously had simply voted the Charter ticket that they volunteered to do precinct work. No successors have ever appeared to Gilbert and Sullivan, and it uses up the best brains of the Washington correspondents to create one gridiron dinner a year. This, with the experience of Cincinnati, suggests that unless you have around a first-class comic genius who is always primed, humor, during a municipal campaign at least, should be a spirit kept for one's private and occasional use and not distributed, two fifteen-minute doses a week, via radio. Not that a campaign by radio or otherwise should lack Attic salt, but this in Cincinnati Mayor Russell Wilson can always supply.

A feature of the campaign was the broadcasting of a debate, on the Sunday night before election, which took place in a large auditorium. It was between Mayor Wilson and one of the candidates of the "old-line" Republicans. His name is not mentioned because of the habit formed during a campaign of never mentioning the names publicly of any candidates but those of one's own side. The expense was borne jointly by both sides and it consumed two and a half hours. Its effect on votes at that late hour is questionable, but it was gorgeous fun. Nothing can disturb the aplomb of Mayor Wilson who at all times spoke with the unseen audience in mind. His opponent faced the "mike" for quite long periods unable to articulate because of emotion—and the law of that little magical box is that something must always be coming over.

The Cincinnati expenditure on radio of about one-half a cent for each inhabitant of the city may be a guide as to the amount of appropriation necessary. Certainly the talks should begin early and the first one or two should deal with the principles and ideals of the organization. Later talks should deal with the record of the elected men and the administration as a whole but statistics should be used sparingly. When used they should be reduced to a per capita basis. People who have been impressed by the charge of extravagance, by critics who quote lump sums spent on public recreation, can be persuaded that the amount is reasonable when the low cost for each child benefited is presented to them.

Over the radio crowd psychology is at a discount and you can reason as quietly and effectively with the average voter as if you have him face to face. Certainly the last important address should strike the note of civic idealism.

In conclusion it may be said that the experience of Cincinnati shows that the

(Continued on Page 164)

Missouri Fumbles Liquor Control

A state law that complicates city enforcement

J. G. HEINBERG

University of Missouri

A NEW system of liquor control, based upon an act signed by the Governor on January 13, 1934, is now being established in Missouri. The act provides for a state, county, and city licensing system, and creates a new state administrative officer called the supervisor of liquor control. He is appointed by the governor with the advice and consent of the senate, and serves at the pleasure and under the direction and supervision of the governor.

The sale of beer containing not over five per cent of alcohol by weight is permitted anywhere in the state. Package liquors with an alcoholic content in excess of five per cent may be sold for off-premise consumption in cities with populations of between 500 and 20,000. The sale of such liquors for on-premise consumption is not permitted in cities of this classification, unless at an election held for this specific purpose a majority of the voters approve. In cities with populations of 20,000 or over, licenses may be issued for both off-premise and on-premise consumption.

The supervisor of liquor control issues all state licenses. In order to qualify for a license the applicant must be of good moral character, a native-born or naturalized citizen of the United States, a voter, and a taxpayer. Under a ruling of the attorney general, corporations may also secure licenses. Few requirements are made as to the nature of the place of sale. There are none whatever for the premises on which beer is sold. In cities with populations between 500 and 20,000, the sale of intoxicating liquor by the package for off-premise consumption is restricted to drug, cigar and tobacco, grocery, confectionery, delicatessen, and general merchandise stores. Every store must have, and keep, a stock of goods with an invoice value of $1500, exclusive of fixtures and the liquor stock. In cities with populations of 20,000 or above, and in those which vote to permit retail sale for consumption on the premises, the law attempts to eliminate the return of the saloon by providing:

> Nothing in this act shall be construed to authorize the sale of intoxicating liquor in the original package, or at retail by the drink for consumption on the premises where sold, in a place commonly known as a "saloon", and no license shall be issued by any city council, board of aldermen or other authorities of any city in this state, nor by the supervisor of liquor control, for the sale of intoxicating liquor at retail by the drink for consumption on the premises where sold, in a place commonly known as a "saloon", nor in any building or room where there are blinds, screens, swinging doors, curtains, or any other thing in such building or room that will obstruct or obscure the interior of such room from public view.

The supervisor of liquor control has indicated that a place with a "front bar" will be regarded as a saloon. It appears that the phrase "commonly known as a 'saloon' " will give rise to much litigation in the courts.

Only nine Missouri cities have populations of twenty thousand. Therefore it is possible, at the outset, for the "harder liquors" to be sold by the drink for consumption on the premises only in St. Louis, Kansas City, St. Joseph, Springfield, Joplin, University City, Hannibal, Jefferson City, and Sedalia. Inasmuch as the state supervisor has many other duties to perform, he has so far appointed state inspectors for only these cities. His policy, apparently, is to leave the enforcement of both the state law and local ordinances largely in the hands of local authorities.

The nine cities aforementioned have either framed or are in the act of framing their ordinances. Article 25 of the law provides that:

> The board of aldermen, city council or other proper authorities of incorporated cities may charge for licenses issued to manufacturers, distillers, brewers, wholesalers, and retailers of all intoxicating liquor, within their limits, fix the amount to be charged for such license, and provide for the collection thereof, make and enforce ordinances for the regulation and control of the sale of all intoxicating liquor within their limits not inconsistent with the provisions of this act, and provide for penalties for the violation thereof.

The phraseology "not inconsistent with the provisions of this act" has been productive of much debate. The attorney general has made informal rulings to the effect that city license fees must be "reasonable". He has indicated that the municipalities may make regulations more stringent than those of the state law. He has also ruled that cities are bound to issue licenses and that license fees cannot be prohibitive. The background for the latter ruling is to be found in the fact that about one-half of the Missouri counties voted against the repeal of the eighteenth amendment. A number of cities within these "dry" counties have indicated a willingness to block the establishment of liquor stores and the sale of beer within their corporate limits through the imposition of unreasonable license fees, or by complete inaction in licensing. Such manoeuvres would clearly be impossible under a reasonable interpretation of the law.

It is not possible at this date to describe the system of control over retail sale for consumption on the premises, within the nine cities where such sale is permitted. Not all of these cities have passed ordinances. There have been no court decisions as to the precise limits of municipal control. The supervisor of liquor control has issued no regulations save that "front bars" will not be permitted.

PROBLEMS FOR THE CITIES

Apart from this, the municipalities' role in control, and the problems they must solve, can be indicated by means of a description of the situation in cities which have a population of between 500 and 20,000. In these cities, it is now possible for alcoholic beverages to be sold under three licensed forms and one unlicensed form, the licensed forms being as follows: Form 1 provides for the sale of 3.2 per cent beer, form 2 for the sale of 5 per cent beer for consumption on the premises, and for sale by the bottle for off-premise consumption, and form 3 for the sale of all types of liquor for off-premise consumption. No two of these three forms of license can be combined.[1] The fourth provides for the right of a physician to prescribe intoxicating liquor and of a druggist to sell it on prescription from a physician.

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[1] On February 19 the supervisor of liquor control ruled that persons holding permits to retail liquor in the original package might also have a license to sell 3.2 per cent beer.

Three problems of policy are presented to city councils in drawing up their ordinances. On the first two of them the state law is entirely silent.

1. On the drinking of liquor legally acquired. Where can package liquor be consumed? In homes? Some of it will be, perhaps, but not all of it by any means. The city ordinance must speak. Wherever the stronger liquors may be drunk the problem of peace disturbance arises. Hence the need for control.

2. On the matter of license areas. In what parts of the city are package sales and the sale of beer by the drink to be allowed?

3. The city retail license fee. This must be determined by a preliminary consideration of the effect of federal and state license and gallonage fees. The amount of the city license fee for retail dealers would seem to be limited by its "reasonableness" both under the "not inconsistent with the provisions of this act" phraseology of the state law, and under the city's general police powers.

If Missouri municipalities are to bear the brunt of the problems of enforcement, it would seem to be only fair that they should reap the larger revenue return from the liquor traffic. Such, however, is not the case. The state imposes both license fees and gallonage taxes. The county court (the board of supervisors in Missouri) may prescribe license fees for retailers only. The municipalities may license, and charge fees upon, manufacturers, distillers, brewers, wholesalers, and retailers. The state license fees for retailers run from $50 for retail sale of intoxicating liquor by package for off-premise consumption and for retail sale of malt liquor not in excess of 5 per cent alcohol by weight for both off-premise and on-premise consumption, to $300 for the sale of all kinds of intoxicating liquor for on-premise consumption.

State license fees are prescribed for retail sale in railroad cars, for manufacturing, blending, distilling, and for wholesalers, and solicitors. They vary in amount from $100 to $500. The state also imposes a gallonage tax of eighty cents per gallon upon spirituous liquors, including brandy, rum, whiskey, and gin; forty cents per gallon upon fortified wines; and twenty cents per gallon upon "light wines".

A DEFECTIVE LAW

Several serious problems arise by reason of defects in the law:

The most important question for the near future will be that of bringing the liquor traffic under the new control system. Strangely enough, the new law provides more severe penalties for the violation of the terms of licenses than for selling liquor without a license. Misdemeanor penalties are imposed in both cases, but the licensed dealer's license may be revoked and his $2,000 bond may be forfeited in addition. In proceeding against illegal sales both the county prosecutors and the city attorneys labor under a great disadvantage. These officials do not have the authority to make searches and seizures. They can make arrests and seize evidence only in case they see a violation actually taking place. Therefore, it appears that the local officials will attempt to coöperate with federal officials in the enforcement of federal laws. Federal officials have a wider latitude of enforcement power under the federal tax laws.

Another problem of administration arises because the liquor control act does not supply a precise boundary line between state and municipal authority over licensing and control. How far can cities go in imposing controls beyond those set by the state law? What constitutes a "reasonable" city license fee? As far as the issuance of licenses is concerned, it appears that the state license must be secured first. But the attorney general has ruled that a state license in itself does not necessarily provide the basis for legal sale. Local prosecutors may raise the question as to whether the licensee has complied with the requirements and met the qualifications set forth in the act.

One city attorney summarized the new system of control in Missouri by saying, "Well, the state will get most of the taxes, and the cities will have most of the troubles of actual enforcement." A better summary could not be made in several pages. As a general rule, the cities proceeded as quickly with the framing of their ordinances as the uncertainties of the law would permit. In order to facilitate their task the attorney general invited city officials to a conference at Jefferson City in February. At this conference he attempted to interpret the meaning of the law on its many debatable provisions. A uniform city ordinance was framed by the city attorneys of central Missouri. It has been passed, with modifications, by a number of cities. On the whole, these ordinances follow the state law very carefully. Little extension of its control provisions has been attempted. The attitude of the city councils appears to be, "Let's wait for court decisions and for the development of specific abuses before we go farther."

RADIO IN ELECTIONS

(Continued from Page 160)

radio campaign of a volunteer citizens' political organization should be dignified and educational, yet neither dull nor dictatorial. It should begin early and have both as much continuity and contiguity as circumstances permit. It should appeal to the high emotion of faith as well as point cold reason to the fact of the pruned and balanced budget. It is better to have some crudeness and lack of polish than to risk losing the dominant note of sincerity.

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A CORRECTION

We have been requested by the author to make a correction on the article, "Comparative Tax Rates for 284 Cities," by C. E. Rightor, which appeared in the December 1933 issue of the REVIEW. The city tax rate for Louisville, Ky., should be $15.65 instead of $22.00. The total rate, therefore, should be $29.00 and the adjusted rate, $21.75.

THE CWA—MEN AND MORALE

BY CAPTAIN EDWARD MACAULEY
CWA Administrator for California in
The Commonwealth, San Francisco

For years economists dreamed of a long-time public works program that would sustain prosperity when business started down hill.

The PWA was instituted, not to sustain prosperity, for alas there was none of it, but to try to revive business by putting men to work.

As fall came upon us, it became evident the PWA would not be able to prevent a repetition of the distress of the previous winter.

On November 8 the CWA was instituted. We had three weeks and one day to employ two million people, five weeks to employ four million.

There was no time for proper scrutiny of projects or selection of employees, but in spite of confusion and even chicanery the CWA achieved its purpose.

The early days of the CWA during which some valueless projects were approved, must be regretted. The only excuse was the pressing necessity. We were asked to hold the line—and did it.

Design for a Ward Politician[1]

A little picture of politics in the rough—and of its elements of human interest which reform tends to disregard

J. T. SALTER *Department of Political Science, University of Wisconsin*

One of Philadelphia's most successful precinct captains is Harry Ternberg. I was talking one day to several precinct captains from Ternberg's ward (which happens to be one of the largest and most recently settled in the city). I said to one of the experienced politicians in the group, to whom I had previously given a fine cigar, that the one quality that made for success in politics was energy rather than brains or anything else. Much to my surprise he entirely agreed with me, and added, "Take Ternberg, for example. He is as big as an elephant and quite dumb. He can neither read nor write, but he is about the best committeeman in the ward. He is always working, always meeting people, and he is out where the people can see him."

Ternberg had been pointed out to me before as I had talked to his comrades in City Hall, and the next time I saw him I spoke to him and told him that I wanted to call at his home for an interview. When I arrived at his house he was at a neighbor's (where there were six "votes") but his wife went and got him at once. He is a heavy middle-aged man of medium height, with a very florid face and a sloping forehead; his friends call him an Irish Jew—he is Jewish himself but he married a Catholic; he is partially bald, and has coarse features; he looks like a football player or an iceman a little past his prime, and seems to possess plenty of physical vigor. He was pleased to see me and cordially greeted me, as he had on several occasions before, with the salutation, "Hello, stranger!"

I told him I had heard he was one of the most successful of the hundred or more precinct captains in his ward and that I wanted to write about him in my book. He was pleased at the idea, although he had seemed heretofore unconscious of his own importance. I began by saying, "Suppose you had a son eighteen years old who was going to devote himself exclusively to politics, and that the doctor had told you that you would die before he had reached his twenty-first birthday, and that you wanted to tell him all you knew about politics so that he might become a successful politician within the shortest possible time. What would you tell him?" Ternberg appeared to be following my words with solemn comprehension. When I stopped talking he looked a bit perplexed; then he said, "So you think your son is going to die?"

I then tried another approach. I asked him to tell me how he got the people in his precinct to vote the way he wanted them to on election day. This question he understood. He then settled in his chair, and this is what he said:

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[1] The material for this article was obtained in Philadelphia by the author while he was a Fellow of the Social Science Research Council. It will be included in a volume by Mr. Salter to be published by Harper & Bros.

"I see all my voters, keep good friends with them, and do them favors." (There are more than seven hundred in his precinct.) "As soon as new people move into my precinct, I call on them, and tell them who I am—the organization man. There's where I was just now. There were six votes in that house. I see the people not once a year, but every day in the week. I always have a good word for them every time I see them. I smile and bid them the top of the day. The only way to succeed in politics is to get out and work for the people." (Some of Ternberg's acquaintances accuse him of using the "crying towel"—"vote for my ticket so I can keep my job at City Hall.") "You must get acquainted with them. My father was in politics before me. He learned me politics. He showed me what politics was.

FIRST AID TO VOTERS

In this game you got to mix in with all your people. If your people know you so good, you can call them by their first name. I get out of bed at three and four in the morning to help a person in trouble. I don't get back until seven or eight o'clock, and then go to the police station to speak to the magistrate when my person comes up for a hearing. It's all in the game of politics—if you don't serve your people, they won't vote for you. I got out of a bed more than once to help a fellow and I never turned a man down in my life yet.

"Of course, I always heard politics talked at home, and when I came up in this ward I was out of work. I went into politics for a ten-dollar note. I was paid this to help around the polls on election day. A year later I had made enough friends so that I got elected to the ward committee. The other committeeman needed someone to help him. He knew me and he liked the way I worked. He backed me at my first election, eleven years ago, and since then I have been able to stand on my own feet, although my partner, who is an attorney, and I always work together. Now I guess I am the one who controls the precinct. I have never lost it in an election yet.[2]

"In the evening I often loaf at a saloon at Fifth and X street, where I meet some of my people. Plenty call me at City Hall." (He is one of the men in charge of the prisoners taken from the cell rooms to the courts in the same building.) "Other people call at my house too. If I am not there, my wife always knows where I am. Sometimes I am with a group of men playing pinochle. There is an average of three or four people a day that come to me for favors. These favors usually are police station drags, or getting someone a job."

His wife interrupted at this point and said, "He is a charity committeeman, a charity politician. We can't save a nickel around here, but we use all our money in helping other people. Now in this depression we are so poor that we had to give up the telephone."

LITTLE ERRANDS FOR THE POPULACE

He went on to say, "I know all the magistrates, and if a case comes up before a magistrate, I can handle that myself; or if I need to see a city councilman, I can do that. But, if there is a question that involves the mayor, I get our ward leader to take care of that for me. I usually go to the ward leader in case something must be done that requires the coöperation of department heads or bureau chiefs. Of course, it all depends upon whether I know these men or not. Men I know I talk to, and those that I don't know I get the leader to talk to for me. He knows them all. They will listen to him where they wouldn't pay any attention to me.

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[2] However, the depression, with the consequent desire for a change, and the appeal of Franklin D. Roosevelt caused his precinct to go Democratic by a small majority in 1932 and 1933.

"This is the sort of favors I do—an alley may be dark and the people living there may want a light. I report this to the bureau of lighting. I sometimes see the highway commissioner in order to get jobs for voters, or in case the construction work on a street is not done properly. I see the street-cleaning department about keeping the streets in my neighborhood clean. If the people in my precinct make a complaint I see what can be done about it. Sometimes a policeman in my division is given a beat way down town, and I get him switched up in his own neighborhood. The members of a party are like one big family—we all do things for each other."

Mr. Ternberg's wife interrupted again to say that her husband is always on the go. "He can't stay still; he snores a lot at night, and sometimes goes to sleep sitting in a chair after supper. He bummed school; he can't read or write so good."

WHEN EDUCATION PAYS

This being unable to read has its drawbacks even in the case of the willing Ternberg. At one primary election a worker for the opposition deftly exchanged his specially marked sample ballots for those that Ternberg was giving out to the voters. (In this ward the voter marks his own ballot—he is not "assisted.") But when the ward leader visited Ternberg's precinct and asked for a sample ballot the matter was straightened out.

He is often to be found on the corner where the trolley stops. He helps the women off the car with their baskets of provisions, and mothers with their babies. He not only helps them to the street, but in special cases he accompanies the woman to her door. He does it without condescension. He suggests that he is the people's servant and that they have a right to expect any sort of real service from him. He is not always the soul of tact, however; I observed him one primary election night and saw him roughly jump before two young women who tried to enter the polling place a few minutes after closing. And if the argument runs against him in a close-up political fight he is certain to swing his ham-like fist at the center of the opposition.

Ternberg said that he saw his ward leader every day in the week and also on Sunday. "He is my best friend," he said, "and he is a real leader. If he would tell me to go to hell, I would go. I go to see him even when I have no favors to ask merely because I like to see him, and I do not want him to forget."

SORROWS OF A PATRIOT

Mrs. Ternberg spoke up again and said, "A politician's life is all right when you have a job, but when you lose your job, it's bad." (He was once employed on a subway and he would get a fellow employee to look after his work while he sold pop and hot dogs at a ball park.) "Then you must serve the people and get nothing for it. Another thing that is bad is that we can never leave this place—never move to any other section. This house needs a lot of repairs, but we must stay because a politician must live where his friends are. Otherwise he must start all over again. His friends in the precinct are his political capital."

Ternberg watched me write as he talked. "You can write awfully fast. I bet you could make a hundred dollars a week writing." When the interview was nearly over he asked me to read what he had told me. I put in a few connectives and skipped over some of the uneven places. He looked very happy and smiled at his wife. She seemed pleased too. When I left he told me that he wanted to be sure that I had his name spelled right, and said that if I ever got arrested he would help me too.

Campaign Promises—Before and After

Political fare would improve if we made candidates eat their own words

J. M. LEONARD

Detroit Bureau of Governmental Research

BACK in 1914 a law suit either added or removed—it is hard to determine which—one of the foundation stones of our democracy. It determined the legal value of a pre-election promise.

The late Mr. John Purroy Mitchel, during his successful campaign for mayor, had "disclaimed on his part any intention to change or attempt to change (any) laws during his administration as mayor." After election, however, he started to rearrange the ordinances governing civil service. Mr. O'Reilly, a citizen and taxpayer, sued to prevent this apparent breach of faith. But the learned judge held that pre-election promises have no aspects of a contract. In concluding his decision the judge said:

> . . . The student of politico-legal science may discover a fertile field for research and thought in the study of the interesting question as to whether any legal method may be devised for compelling public officials to live up to the platforms of principles upon which they were elected, but in the absence of any authority or principle justifying the relief sought, the motion to overrule the demurrer to the complaint will be denied, with $10 costs.[1]

It is easy to picture Mr. O'Reilly sitting late by the gas light in his New York flat, pouring over the campaign promises and speeches as reported in his newspaper—there were no radios in those days—and, after much thought, coming to the conclusion reached by many before his time, that we suffer as a nation from too many laws. "Therefore," Mr. O'Reilly probably reasoned, "any candidate who promises not to add any more laws to what we have is the man for my vote."

However, the pre-election promise did not deter Mr. Mitchel. To carry out his plans he sought to make changes that he believed necessary in certain ordinances. If his board of aldermen were with him these could be made legally, despite the apparent breach of faith. Not infrequently an honest official may elect to override the letter of a campaign promise in favor of the spirit in which it is made. But when is a pledge not a promise? And how is the luckless voter going to hold a successful candidate to something like performance consistent with the pledges, if the pledges have no tangible status?

The candidate's personal attitude toward matters of honor might tell the voter what to expect, but in New York, or in Detroit, or in any but our smaller communities, it is quite impossible for the perplexed voter to know a candidate personally. He must base his judgment of his fitness by the candidate's written and spoken word, or by the testimony of persons who may have little more definite information. As to pre-election promises, according to the courts, and as most people have come to realize by now, the disappointed voter can solace himself with the theory that to have voted intelligently he must have had clairvoyant powers—ability to forecast the intentions of a candidate after elected to office, ignoring as evidence everything said or done prior to election.

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[1] This case from Keener's, Cases on Contracts, Second Edition, page 12. O'Reilly v. Mitchel. Reported from the New York Law Journal, April 1, 1914.

Pending the researches suggested by the judge in Mr. O'Reilly's case, there is some hope for the voters in the device created in Detroit in the November 1932 election.

Democrats were supposed to be scarce in Michigan up to this election, when it was discovered that most of the Republicans were either just fooling or were in disguise—they were Democrats at heart all the time. County officers in this state formally are elected on a partisan ticket, but all the election issues are really decided at the primary election. Those who win the Republican nominations are automatically elected, Texas style. But in the fall of 1932 the Democrats thought they might have a chance—they freely admitted that it was extremely slight, since some of the Republicans running for re-election had been in office ten years or longer. Their chances looked even better after the primaries, but it took a strong man to believe that the Republican habit could be discarded in just one election after a tradition of twenty-five years.

ALL DRESSED UP AND—

One of the leaders of Democracy in Michigan, when it took nerve to be called a Democrat, was Judge Arthur J. Lacy, an upstanding citizen with the welfare of his party at heart as closely as the welfare of his city. Judge Lacy suggested that a contract be drawn between the Democratic nominees and the public, offering something that the Republicans had never thought necessary to offer—economy in county affairs. The pledge read:

> A Pledge to the People of
> Wayne County
>
> In this time of unprecedented economic and social distress the Democratic candidates for the various Wayne County offices declare their convictions that the chief causes of this condition in so far as the taxpayer is affected, were brought about by the disastrous policies pursued by our county government for the past decade.
>
> Therefore we, the undersigned candidates for the various county offices, having the welfare of our citizens in mind, do hereby solemnly pledge that we will cut the cost of county government at least twenty-five per cent below the 1933 budget and abolish the widespread practice of loading the public pay-rolls with officials' relatives.

This pledge was signed by the eleven Democratic patriots who were in the running. At that time they would have signed anything in which a vote might be concealed. They did not know. Then election day came, and with it the amazing fact that a nationally popular Democrat plus an economic disaster could carry a Republican state and county ticket, as well as a nation.

—NO PLACE TO GO!

Now, if Judge Lacy had played the game as an organization man, he would have forgotten the agreement the other gentlemen so playfully signed. But he immediately brought the matter to the fore, reminding them that the people voted for the winning Democrats because of a belief that they stood for economy in public affairs. Perhaps the Judge was wrong, perhaps Mr. Roosevelt did the job, but that was beside the point. Publicity had been given to the pledge, and the Judge would not be turned aside.

The wails which arose were pitiful.

It was first charged that the Judge had switched pledges—reading one, and then offering another for signature. But the character of the Judge made this alibi very weak. Then it was discovered that most of the signatories had believed that they were to cut the 1932 budget, not the 1933 budget (as pledged) which was about 10 per cent lower than that of the previous year. But it sounded silly to admit they had signed something they had not read. So it was next claimed that it was un-American to sign a pledge to cut wages when the crying need of the city was more buying power and more employment. But such factors were fully known at the time of signing, so these claims only made the matter more involved. The sheriff announced that he considered the pledge illegally made; employees had the right to their budgetary wages. Everyone knew, however, that in this county without civil service protection, no employee would contest a cut in wages even if he had any legal rights.

Claims, counter-claims, and argument and wails could not avail. With much newspaper pounding most of the new officials fell into line. In the first year the county clerk, who was for economy from the day he signed the pledge, has reduced his expenditures exactly 25.8 per cent. The register of deeds has reduced his 21.3 per cent. The county drain commissioner reduced expenses 32.0 per cent—46.2 per cent if all expenses are included.

BITTER ECONOMY PILLS

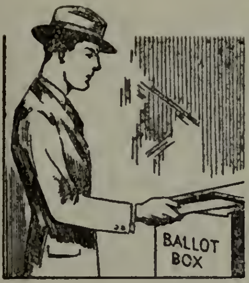
The county surveyor who only received ten dollars a week, was able to reduce his "budget" 5.1 per cent. (County surveyors in Michigan, it should be explained, have no duties, no expenses, and only a few have salaries. They have only titles, and elections.) The coroners, two of them, have only been able to reduce by 16.1 per cent, although there are always people to be found to wonder why a coroner is necessary at all. Some items of their expenses, however, are under the control of the Board of County Auditors. The county treasurer does not take office until six months after the balance of the other county officials, but signs point to his adherence to the pledge.

This leaves the sheriff alone of all the pledgees to show but a 9.04 per cent reduction, with a defiant claim that he cannot reduce further but saying little about the board of auditors' responsibility for most of the reductions realized. He cannot cut salaries, although the employees of the city of Detroit, constituting 80 per cent of the population and taxable wealth of the county, have endured a 25 per cent salary reduction for a little more than a year. And he cannot cut his force, although many of the duties of the Michigan sheriff have become obsolete. The other three officers who signed either failed of election or are members of commissions where they are outvoted.

APPLYING HINDSIGHT TO FORESIGHT

While the sheriff has somewhat nullified the effect of this pledge, it has been successful within limits. At least it has reduced the clairvoyant theory to a degree that makes intelligent voting practical. The budget for 1934 carries authorizations at the 1933 rate, without any more 25 per cent reductions. Whether these economy candidates will carry through (the term is for two years) or will apply their pledge to the 1933 budget, remains to be seen.

On the nepotism issue, only two vital factors have been indicated so far. One is the defense of one of the pledged gentlemen, caught with his father on his pay-roll, that it is not nepotism until you have over two relatives on the pay-roll. The other is that in place of putting their own relatives on their pay-rolls, the successful candidates are appointing the relatives of other Democratic office-holders.



PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

Continuing the Proportional Representation Review

Proportional representation ("P. R.") is a method of electing representative bodies which assures any group of voters the same share of the members elected that it has of the votes cast. It is designed to guarantee majority rule and minority representation. In its best form (the "Hare system") it makes primaries unnecessary and keeps scattering votes from being wasted by means of a preferential ballot. It thus makes impossible the domination of organized political minorities.

P. R. Officially Proposed in Boston

BY HERMAN C. LOEFFLER

Secretary of the Boston Municipal Research Bureau

Just ten years ago a legislative charter commission examined the charter and laws affecting Boston. The commission's findings, which were laid before the following legislature of 1924, began with a dozen pages of majority report on various questions of city government, and was followed by the usual multiplicity of minority statements in such documents—seven in this case. Notable among the latter was a statement favoring proportional representation signed by Dora Emerson Wheeler and by George R. Nutter, long-time fighter for better government under the aegis of the late Good Government Association. Unfortunately the eloquence of these two rebels was insufficient to sway the opinions of the other members, and so this chapter of local governmental history closed with the inclusion of thirty-six pages of carefully prepared text and appendices filed by these long-time friends of proportional representation.

Commission Report of 1934

A decade later, after the passage of various minor reforms, the current depression brought to the Massachusetts State House and the legislature of 1933 a vociferous group of Boston taxpayers demanding an investigation, à la Seabury, of the high cost of city government. Dame Rumor has it that a charter commission was set up merely to pour oil on these troubled waters.

At any rate, during the autumn of 1933, this commission of seven legislators and two citizen appointees held a series of hearings, mostly in executive session. The Commission's report to the 1934 legislature, which has just been made available to the public, makes recommendations for continuing Boston's non-partisan system of elections, for a system of run-off primaries in order to eliminate the "minority" mayors who have been so frequent under the present system, for an "automatic" recall election midway in the four-year terms of future mayors, for the right of the mayor to run for re-election immediately instead of after the lapse of at least four years, for the election of a council of eleven members at large, for the elimination of all tax limits for Boston, and for a number of other changes.

P. R. Recommendations

It is a pleasure to record that the 1933 commission reacted more favorably to the idea of proportional representation than did the similar body ten years ago, even though the present commission recommends not P. R., but plurality election at large for a council of eleven members instead of the election from twenty-two wards which is now in effect. In short, the commission has wrestled with a serious problem of municipal government, shies away from a real solution, and contents itself with the following compromise:

"The Commission further recommends that there be inserted in the charter a permissive provision whereby after 1936, upon petition of ten thousand voters, the people of the city would have an opportunity to vote on the question as to whether the council at large should be elected by the method of proportional representation or not.

"While some of the Commission, as indicated by the supplementary report attached hereto, feel that this method of election should be recommended at once, all the Commission agreed that it would not be wise at this time to submit to the electorate a question involving proportional representation until an opportunity had been given for those interested in this method to inform the electorate more fully with regard to its purposes and actual operation."

There is some justification for delay in order that an educational program may occur before the method of proportional representation is adopted. Some work by Mr. Hallett at the time he appeared before the commission helped to inform some important local leaders. Moreover, a few enthusiasts have talked before various groups and have conducted mock elections which are always of great help. Much work remains to be done, however, if this system of elections is to be understood and to have a fair chance of success, once it has been adopted. Unfortunately the groups in Boston which will take up such a program are very limited in number and size.

The commission as a whole made no mention of the application of proportional representation to the election of the five members on the school committee of Boston. A minority opinion by three members of the commission, quoted below, urged that this be done, and also suggested the system of preferential voting for the office of mayor. In this connection it may be of interest that, of the briefs filed by various organizations with the commission, only the brief of the Good Government Association suggested a city manager form of government and the possible elimination of a mayor elected by the people.

What the legislature which is now in session will do with the majority and minority recommendations of the commission is, of course, unknown at this time. It is likely that, in so far as P. R. is concerned, the best that can be hoped for is acceptance of the majority's report suggesting charter provisions which would permit future referenda on the question of P. R. for a small city council.

Quotations from Majority Report

The commission quoted from the following analysis which had been submitted to it in a report of the Boston Municipal Research Bureau which urged the adoption of the method of proportional representation for the election of the city council.

"The unfairness of the system of ward elections of Councillors which has been the method in effect since 1925, is indicated by an analysis of council returns (see accompanying full-page analysis) which is summarized below:

"(1) Of the 110 councillors elected since the ward system went into effect in 1925, a total of 65 individual candidates have been elected by a minority of the votes cast. If eight uncontested elections are excluded (the strength of the opposition, if any, being unknown) the ratio of successful minority candidates becomes even more striking.

"(2) In three of the five elections the total vote for all 22 winning candidates was a minority of the total votes cast for all candidates (41.5%, 46.9%, and 47.6%). In other words, the council collectively did not represent a majority of the voters.

"(3) In the individual wards, minority candidates have won all five elections from 1925-1933 in two wards, from four to five elections in ten wards, and from three to five elections in 14 of the 22 wards."

Minority Report

As has been indicated, a minority report of three members of the commission favored the election of both city council and school committee by the method of proportional representation, and of a mayor by the system of preferential voting with transferable ballots. The minority report argued as follows:

"While concurring in the recommendations of the majority report in every respect, we feel that the method of nominating and electing a mayor and the method of choosing the city council as embodied in that report represent a compromise rather than the best method which could be recommended. We feel that experience, not only in several cities of the United States but in many foreign countries, including the Irish Free State, of the method of electing representative bodies by proportional representation has proved a signal success. Such a method of electing a city council at large was recommended to us by the Municipal Research Bureau, by the Boston Chamber of Commerce, by the Real Estate Exchange, by Mr. George R. Nutter, and others. It is being recommended by Judge Seabury in connection with a new charter for the city of New York. It has without any question in our minds the merit of making the vote of every voter count toward securing some representation favorable

Boston Election Returns for City Council, 1925-33, and Percentage of Votes Received by Winning Candidates[1]

Ward No.	Total Vote in Each Ward					% of Total Vote For Winning Candidate				
	1925	1927	1929	1931	1933[2]	1925	1927	1929	1931	1933
1	9,690	7,347	11,466	10,290	14,653	31.5	35.2	40.7	48.3	32.7
2	9,323	8,349	10,626	5,819	10,327	58.8	56.7	49.1	67.0	45.9
3	5,673	3,338	8,002	4,475	10,807	96.7	99.9	55.6	100.0	40.5
4	6,668	2,785	7,427	4,535	7,911	59.0	67.3	53.2	65.4	68.7
5	7,039	3,092	7,777	3,140	6,735	77.1	100.0	49.3	99.9	99.7
6	8,011	2,700	8,768	7,760	11,058	23.1	100.0	40.6	47.5	38.0
7	8,079	2,530	9,671	7,643	10,666	42.7	99.5	38.7	43.3	55.1
8	7,250	5,054	7,730	6,724	8,345	36.5	60.1	53.4	42.5	64.1
9	6,977	4,218	6,865	5,147	8,042	35.5	67.4	27.8	36.0	65.2
10	8,088	6,721	9,277	7,522	9,601	45.2	22.9	51.8	33.1	43.0
11	8,005	5,800	9,251	7,342	9,827	28.9	41.5	45.9	46.6	46.4
12	8,062	4,039	8,714	6,851	10,811	35.6	66.2	38.7	46.6	40.0
13	8,271	4,943	9,057	6,552	9,688	24.4	50.1	40.6	44.6	38.4
14	8,378	7,044	10,516	10,723	13,583	35.6	53.6	44.9	30.7	36.6
15	8,254	4,100	9,717	7,931	9,866	32.3	40.1	27.5	64.4	35.8
16	7,447	5,139	10,913	8,223	13,410	64.6	32.5	63.1	46.5	31.0
17	8,733	5,451	10,864	9,873	13,057	30.4	57.1	54.7	52.8	50.9
18	8,229	6,647	12,317	11,096	14,308	27.0	44.6	46.8	55.6	47.9
19	8,211	4,831	10,560	7,491	11,054	30.8	47.6	56.6	58.3	57.1
20	8,660	2,928	12,037	9,216	14,802	46.0	99.7	46.4	49.7	30.2
21	6,337	2,187	8,176	5,177	9,641	50.3	86.5	47.5	24.2	48.8
22	7,269	6,146	9,718	5,231	10,220	27.3	48.6	69.5	82.2	63.2
	172,654	105,389	209,449	158,761	238,412	41.5	56.1	47.6	51.2	46.9

Summary of Percentage of Votes Received by Winning Candidates

Percentage of Total Vote for Winner	Elections of					
	1925	1927	1929	1931	1933	Total
Under 30.0%	5	1	2	1	—	9
30—39.9%	8	2	2	3	7	22
40—49.9%	3	5	10	9	7	34
No. Minority Candidates	16	8	14	13	14	65
50—59.9%	3	4	6	3	3	19
60—69.9%	1	4	2	3	4	14
Over 70.0%	2	6	—	3	1	12
No. Majority Candidates	6	14	8	9	8	45
Total Elected	22	22	22	22	22	110

to him or her in the council. If, for instance, 220,000 voters in Boston were to elect eleven councillors at large under a really representative system, any group of 20,000 voters having pronounced views on city government should be allowed to have one representative who expresses those views. The system of proportional representation is the only system with which we are familiar which permits of such truly democratic representation. Its merits are perhaps best expounded in the following paragraphs from Judge Seabury's argument, wherein the word 'Boston' could well be substituted for the words 'New York.'"

The report then presented a liberal quotatation of some 1,300 words from Judge Seabury's splendid report urging the inclusion of P. R. in the new charter of the city of New York, and continued:

"We further feel that the mayor of Boston should be elected by preferential voting. This method, similar to the voting under the method of proportional representation, would allow a nearer approximation to the wishes of a majority of the voters than either the present system or the system of run-off primaries. It would also save the taxpayers $30,000 each election year in that it would make a run-off primary unnecessary.

"The advantages of proportional representation are so great that while the commission's report makes no suggestions for changes in the method of electing the school committee, we feel that this same system should prevail in school committee elections. Accordingly, we have prepared a bill which we heartily

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[1] Prepared by Boston Municipal Research Bureau.
[2] Unofficial returns.

> recommend to the Legislature, which, after the year 1936, would allow the voters of Boston to express their views on adopting proportional representation for the city council and for the school committee, as well as preferential voting for mayor. While the bill seems long and complicated, the procedure to be followed by voters is extremely simple. The length of the bill is due to the elaboration of rules to be followed by the Election Commissioners."

This twenty-two-page bill, prepared by the staff of the Boston Municipal Research Bureau, contains the usual rather lengthy provisions for such matters as the marking and counting of proportional representation ballots. In addition three provisions for referenda (P. R. for city council, P. R. for school committee, and P. V. for mayor) are included, any combination of which can be applied to the main body of the bill. Hence the legislature, if it follows the majority report, can easily extract provisions covering the election of a city council by proportional representation. At this or any future sessions of the legislature there will also be available proportional representation provisions with relation to the school committee, and preferential voting provisions for the office of mayor.

The Mayoral Situation

Since most of the agitation which brought about this legislative discussion of election methods arises from the prevalence of "minority" mayors in Boston it seems fitting to include part of the commission's discussion of this point:

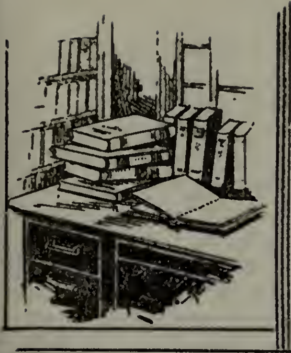
> Except for the legislation of 1918, which eliminated the recall and provided that a mayor could not be a candidate to succeed himself, the charter provisions regarding nomination and election have continued as provided in the charter act of 1909.
>
> "The legislation of 1918 by which the recall was eliminated came as a result of conditions which prevailed during the election of 1917 and immediately following that election. The recall provision, included in the charter act of 1909, provided for a recall vote after two years of the mayor's term had expired. It required a majority of the total registered vote of the City to recall, and on neither of the two occasions when the recall was on the ballot was it effective. The petition to the Legislature of 1918 asked for repeal of the recall and at the same time provided that the mayor should not be allowed to become a candidate for a second consecutive term. Because of political conditions in Boston at that time the new plan was quite generally approved by the various factions, and the change was made with little difference of opinion within the legislative branches.
>
> "The following table shows the number of candidates for mayor, in each of these elections, the total vote cast at each election, the vote of the winning candidate, and the approximate percentages of voters who elected him in each case. (The mayor who took office this January won by a plurality of but 1,723 votes).

Year	Number of Candidates	Total Vote	Vote for Winner	%
1909	4	95,393	47,177	49
1913	2	80,823	43,262	53
1917	4	88,302	37,923	42
1921	4	161,186	74,261	46
1925	10	182,065	64,492	35
1929	3	216,513	117,084	54
1933	6	249,198	70,035	28

Conclusion

Proportional representation has taken a step forward locally and the 1934 legislature may now clear the way for putting it over in Boston, if and when a proper campaign convinces voters of the need for it. For this progress thanks are due in large measure to "the assistance rendered by George Hallett, Jr., secretary of the Proportional Representation League of New York City, in an able presentation (before the Commission) of a proposed plan of preferential voting and proportional representation." The Research Bureau was glad to arrange for his attendance at the hearing, and subsequently for a luncheon meeting and a brief radio speech to discuss this subject.

The writer retains the sense of time of a geologist in considering recent local developments. Ten years ago, while engaged in civic work with the Citizens Union, he helped in making an analysis of election returns for aldermanic elections in New York City and in preparing a report urging the use of proportional representation for the election of that local legislative body. The recommendations were tenderly filed away in the report of the New York Charter Commission report of 1923. A decade of waste and corruption passed. A Seabury came to power and the rats who did not flee were chased overboard. His penetrating insight seized on proportional representation as an all-important consideration for New York's charter. With this development in New York, and the fine government which P. R. helped and is helping to secure for Cincinnati, the idea of proportional representation can never again have quite the same calm of academic consideration in this country of ours. Some day it will receive broad acceptance as an essential of democracy, and be written into many city charters.



RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Planning for the Small American City. By Russell Van Nest Black, in collaboration with Mary Hedges Black. Chicago, Public Administration Service, 1933. 90 pp. $1.50, cloth; $1.00, paper.

A significant fact about this noteworthy monograph is its issuance, not by a city planning organization, but by the Public Administration Service. Thus, planning is recognized as a problem not merely of map-making and picture sketching, but of government and administration.

The monograph (or should it be called a duograph?) is an outline of principles and procedure especially applicate to cities of 50,000 or less. As there are 2,974 municipalities in the United States of from 2,500 to 50,000 population, and only 191 of larger size, this restriction in scope beckons a much wider circle of readers than would be attracted by discussions of subways and double-decked streets.

As explained in the foreword, "The book is written . . . to tell operating officials and interested citizens how to make a plan and how to carry it out; it is not primarily a technical treatise on planning design. Mr. Black discusses the elements of the plan chiefly to describe the ideas which progressive planners have worked out in the last few years to meet new conditions caused by the automobile and our changing habits of living and working."

The twenty chapters are grouped under three main headings: Making the City Plan; What Modern Planning Offers the Small City; Carrying Out the City Plan.

In part one are discussed general planning problems within and beyond the borders of the city, steps in plan making, and essential basic data and legal background of city planning. Part two discusses such subjects as street plan and design, parks, playgrounds and other recreation areas, zoning, public buildings, airports, sewerage, water supply, transportation, housing, and beautification. Permanent organization for planning and plan administration is the main theme of part three. Chapters are also devoted to control of land subdivision and development, zoning administration, long-time finance, methods of paying for planned improvements, and the problem of city support in plan realization. There is also an excellent bibliography and numerous reproductions of plans and photographs.

Paragraphs from the author's introduction and from his discussion of permanent organization are especially worth quoting:

"Two problems confront every community: the improvement of present-day conditions and the anticipation of future needs. There is an inclination to feel that unless large growth is immediately in prospect there is no need for planning. Growth has been overemphasized. It offers fewer real advantages than is often realized. It brings widened scope for business men, but also increased competition. It swells the city treasury but brings costly obligations at times equaling or exceeding the increase of revenue. Growth is always a responsibility to be met by far-sighted planning.

"Without growth, much still remains to be done. Change is always in process. Improvements can be made as a part of reconstruction. There is no city or town in the United States which cannot consume the energy of generations simply in bringing itself up to the known standards of best living conditions.

"No city plan is ever finished . . . A plan which is not kept alive and abreast of the city's growth and development will disappear in the dust of some city hall pigeonhole. An effective plan, therefore, requires a vigorously active and continuous organization to keep that plan constantly in the forefront of municipal activity and to make changes and adjustments in it as they become necessary."

Many practical suggestions for carrying out these objectives are offered to the reader of this—one of the best dollar's worth ever made available in city planning literature.

Harold S. Buttenheim

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The Theory and Practice of Modern Taxation. By William Raymond Green. Chicago, Commerce Clearing House, Inc., 1933. 266 pp. $2.75.

This book is disappointing, in the first place, because of what it might have been. As a judge of the United States Court of Claims and a former member of the Ways and Means Committee of the House of Representatives, the author should be exceptionally well qualified to write a first-hand account of the day-to-day business of tax-making and so to add a valuable contribution to the literature of public finance. He has chosen instead to hammer a more or less haphazard collection of ideas culled from many different sources into a fragmentary and inadequate discussion of tax principles. What he has written thus offers the mature student virtually nothing which he cannot get elsewhere in more satisfactory form.

In the second place, the book is disappointing because of what it tries to be. Judge Green tells us frankly in his preface that his book was written for those who do not "have at their disposal the time necessary to go through . . . elaborate and scientific expositions" of the subject. The present reviewer has no sympathy whatsoever with the current fad for "popularizing" economics by writing books which gloss over or ignore the difficulties of mastering the field under the guise of being "practical" or "progressive" or "time-saving" or what you will. Such works can result only in the further growth and spread of the half-baked thinking with which a distressed world is already too abundantly cursed.

Finally, even for what it is intended to be the book is not satisfactory. An author who sets out to present an adequate discussion of taxation (even for popular consumption) in a scant 250 pages needs to organize his material carefully and condense it drastically. In fact, the book is very badly organized and often quite wordy. A particularly irritating defect is its repetitiveness. For example, in a book where space for words should be precious we are told no fewer than three times that Adam Smith believed a tax imposed on low-paid laborers did them no particular harm in the long run because their wages must be raised enough to enable them to meet it (pp. 21, 24-25, 34). And this is only one of many examples.

It should also be noted that through carelessness in framing his statements Judge Green now and again says something he surely does not mean. An instance may be found on page 10, where we are told that "under the exigencies of the war, rapidly progressive rates were levied upon incomes, which ultimately rose to a total of 77 per cent on an income above $1,000,000." To a reader not familiar with the facts this would convey the impression that the recipient of an income of more than $1,000,000 paid 77 per cent of it as an income tax, which is not true. Such carelessness is particularly bad in a book designed for readers who may be expected to have neither a critical turn of mind nor the specialized knowledge necessary for intelligent scepticism.

Reavis Cox

Columbia University

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Current Problems in Public Finance. A series of lectures delivered at the National Conference on the Relation of Law and Business, held under the auspices of the School of Law and the School of Commerce, Accounts and Finance of New York University, December 5-9, 1932. New York, The Commerce Clearing House, Inc., 1933. 391 pp.

To the growing number of people who are interested in a discussion of the problems of public finance—federal, state, and local—and their solution, the addresses delivered at the New York University symposium will prove a rich field of material.

The volume brings together the reasoned conclusions of representative leaders in commerce and industry, finance and law, as well as public officials, economists, political scientists, publicists, and spokesmen of national associations interesting themselves in this field.

The papers cover a wide range—the proper scope of governmental services, retrenchment in local governmental expenditures through both economies and coördination of services, readjustment of taxation both federal and local, consideration of the sales tax and other special taxes such as on banks, utilities, and chain stores, the rise of public credit, governmental defaults, the revision of war debts and tariffs, and finally the need of intelligent opinion in dealing with a subject so broad. There are naturally some differences of opinion upon an acceptable program, which only add to the value of the discussions contained in the book.

C. E. Rightor

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Government in the United States. By Claudius O. Johnson. New York, Thomas Y. Crowell Company, 1933. $4.00. 696 pp.

In this era of rapid change in the structure of government and in the functions which government is called upon to perform no textbook dealing with these subjects can long claim to be up-to-date. Professor Johnson's book has been published recently enough, however, to include the early changes brought about by the "New Deal" legislation and bears evidence of having been recently written. Although in typical textbook fashion it presents huge quantities of factual material and is without an obvious thesis, the reader who is not overwhelmed by the mass will note the rapid permeation of the tentacles of federal control into areas formerly ruled in large part by state and local governments or left free from political control of any kind. There would have been advantages in the allotment of emphasis so as to make more apparent this and other tendencies of development, for the purpose of revealing more clearly, and interpreting, the living processes of government in their adjustment to social and economic change. Unfortunately the textbook tradition demands the marshalling of a vast store of data concerning the subject dealt with. It demands that the author write comprehensively of the facts commonly included in textbooks in his field. Professor Johnson has written comprehensively, and has deftly presented a wide range of factual materials in such a way as to make individual paragraphs and sections easily readable, but he has not always overcome the difficulty of preserving in the mind of the reader an awareness of the relation of given paragraphs and sections to his organization as a whole. The criticism is essentially a criticism of the text book method, of course, rather than of this particular volume.

The book differs from its predecessors in that it does not follow the usual national-state-local arrangement, but discusses given subjects across these lines, thereby eliminating the repetition of much detail and stressing the fact that the lines between the several governments are becoming more and more obscure. The emphasis, naturally enough in view of present trends, is upon the national government. A substantial amount of space is given to state governments, but counties and municipalities receive only slight mention. Constitutions, political parties, and legislative, executive, and judicial powers receive their usual treatment. In addition a commendable emphasis is placed on problems of administration and Professor Johnson has not failed to deal adequately with the important subject of the expansion of administrative performance.

In short, the book as a whole is to be commended for accuracy and interest in the presentation of relevant details, and for comprehensiveness unless there be ground for criticism in the lack of attention given to county and municipal governments. This reviewer questions whether the presentation is made in such a way as best to lead to intelligent comprehension of governmental phenomena.

Carl B. Swisher

Columbia University

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The Valuation and Regulation of Public Utilities. By John H. Gray and Jack Levin. New York, Harper and Brothers, 1933. 143 pp. Seventy-five cents.

This volume is one of a series of small books on contemporary economic problems designed for the convenience of general readers and students interested in brief, concise summaries by competent authorities. The purpose has been admirably attained, not only because of the authors' long and distinguished experience as valuation experts and discerning students of public utility regulation, but because of their ability to reduce an exceedingly confusing subject with many ramifications to clear-cut, fundamental principles.

A brief introductory section traces the development of public utility regulation and emphasizes the increasingly dominating sway of the courts in determining the success or failure of the regulatory experiment with the solution of the problem of valuation holding the key to effective regulation, and with the courts appropriating the power to determine what is "fair return on fair value," without at any time adequately defining these terms. Attempts at utility regulation have, the authorities hold, been futile. Two decades of thwarted effort at railroad valuation by the Interstate Commerce Commission are drawn on largely for illustration and the activities of the state regulatory commissions are characterized as "a game of hide-and-seek with the vague decisions of the courts."

Their conclusions are "that under the present doctrines and rulings of the courts, the delays and expense make effective regulation of public utilities clearly impossible. . . . The decisions of the Supreme Court have essentially destroyed the idea of regulation by expert commissions." "It is not a little ironical," they add, that the Supreme Court, by leaning backward to defend property rights, "has been largely instrumental in redirecting public sentiment to public ownership once more."

Frederick L. Bird

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Wanted: Intelligent Local Self-Government. By George O. Fairweather. Chicago, The University of Chicago Press, 1933. 52 pp. Twenty-five cents.

After an intensive study of tax assessment practices in Cook County, Mr. Fairweather sought their explanation. The answer to this and other weak spots in our governmental system lies, he believes, in the party system which is based on feudal personal loyalties. He summarizes in realistic fashion the way in which the party system operates to permit a small irresponsible group to control governmental affairs. The second section of the booklet is devoted to a description of the party system as it should be in order that the people might actually control parties for the general interest. Concrete suggestions as to changes in organization and method are offered. The author thinks that there is already wide dissatisfaction with the existing conditions and that the opportunity for change is genuine.

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Proceedings of the Sixth Annual Northwest Fire School. Minneapolis League of Minnesota Municipalities, 1933. 47 pp.

The Northwest Fire School, sponsored by the League of Minnesota Municipalities, the State University, and the State Division of Insurance, with the coöperation of commercial underwriters and fire departments of the leading cities, aims to establish a training center for the practical study of problems of fire fighting and fire prevention. Fifty-four Minnesota municipalities, as well as a number from other states, were represented at the session last September. The major subjects discussed were various controverted points in fire fighting practice, the crime of arson, fire ventilation, inspection for fire hazards, inflammable liquids, industrial hazards, fire alarms, forest fires, and the law of fire fighting outside the municipal limits.

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Refuse Collection and Disposal, Part II, Ash Collection and Disposal. By Hazen Pratt. Rochester, Rochester Bureau of Municipal Research, Inc., 1933. 56 pp. mimeo. Fifty cents.

At the request of the Commissioner of Public Works, the Rochester Bureau of Municipal Research undertook an exhaustive study of the refuse collection problems of the city. This section of the report deals with the collection and disposal of ashes. The study includes a description of operations, a summary of recommendations to increase efficiency and economy, and a considerable number of interesting tables of statistical material, including unit costs.

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Larger Units for Educational Administration—a Potential Economy. By Timon Covert. Washington, United States Government Printing Office, 1933. 43 pp. Five cents.

Mr. Covert, of the United States Office of Education, has collected a series of examples of proposed or effected economy based on increasing the size of the unit responsible for education. The material falls into four classes —the state as the unit, the county as the unit, the township as the unit, and the consolidated school district as the unit.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE *Secretary-Treasurer, G. R. A.*

Chicago Civic Federation and Bureau of Public Efficiency.—The chief activities of the Civic Federation and Bureau of Public Efficiency for the past several months have included: a careful study published in November of the effects of a one per cent tax limit, analyzing, government by government and fund by fund, what the exact result of the various one per cent tax limit proposals would be, and demonstrating that any such proposal, provided it could be practically applied, would have to be accompanied by provisions for large additional revenue from sources other than real estate; a tabular summary of the delayed 1933 Cook County tax rates as announced by the county clerk in February, with advice to the taxpayer as to his tax bill (the Federation and Bureau forecast in October the identical base rate as finally determined); continued coöperation with the Chicago Recovery Administration in its attempt to straighten out the tangled finances of the several Cook County governments; preparation for an intensive campaign for a favorable vote on the consolidation of park districts at the April election; preparing and advising as to revenue legislation at Springfield; following the development of the various governmental budgets for 1934, and preparing a yearly statement on the overlapping bonded debt of Cook County. The Federation and Bureau probably will have charge of the campaign for approval of the $30,000,000 emergency relief bond issue to be voted on in November.

Douglas Sutherland

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Boston Municipal Research Bureau.—The Bureau has prepared a report dealing with the finances of the city with particular reference to the effect of restoring salary schedules to the pre-depression levels and the effect of the resumption of step-rate salary increases. This report makes it clear that the coming fiscal year will be a difficult one for the city administration. Tax delinquencies are mounting and assessed valuations declining; the 1933 deficit, it is estimated, will be larger than the 1932 deficit by more than $3,000,000 and will total approximately $13,500,000. Looking ahead, the Bureau foresees a few favorable factors in the financial outlook such as an increase in the distribution of state income taxes in Boston, a decreased elevated deficit assessment, and a slight increase in the miscellaneous revenues collected by the various city departments. But the unfavorable factors are more numerous and include increased relief requirements, higher prices for supplies, materials, equipment, and contracts, an increase in the debt service charges, an increase in the state tax and assessments, and a further decline in assessed valuations. The restoration of pre-depression salary schedules would cost the city about $5,000,000 and would increase the tax rate $2.90 per thousand. The resumption of step-rate salary increases would cost about $475,000.

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Bureau of Governmental Research of New Orleans.—This Bureau has put special emphasis on two problems during the last two months—the annual budget and the city's applications for funds from PWA.

After making an extensive study of the budget, the officers of the Bureau met in conference with city officials to examine jointly and discuss the Bureau's recommendations. A comparative study of four previous years' expenditures was made and it was suggested that in the future the city publish revenues and expenditures of at least two previous years with the proposed expenditures, so as to give taxpayers a means of comparison.

The present method of accounting makes it almost impossible to ascertain the city's financial condition, so as to make a forecast of revenues and expenditures for the next year. Therefore, the Bureau recommended that the city's books be closed and balances both for resources and commitments be carried forward into the next year's budget. The present practice of keeping the books open year after year should be abolished. The Bureau also suggested eleven other ways of improving in future years the present antiquated system of budget making.

The examination of the 1934 budget inincluded a discussion of such items as salary scale, budget for supplies and expense, new equipment, reorganization of the mayor's office, factory inspectors, improved organization for maintenance of public buildings, omission of the delinquent tax department and gasoline tax department in the budget, extra clerk hire and permanent utility men in the treasury department, less costly type of brake tags, police department organization, and many other items, the revamping of which would save the city money. Where possible the Bureau's recommendations were acted on and promises for a more modern 1935 budget were obtained.

The board of directors met in conference many times to discuss the city's applications for funds from PWA. The Bureau finally approved applications to PWA for a new city hall, fire alarm system, sewerage, water, and drainage projects, and certain bridges and culverts. Simultaneously it disapproved applications for a new isolation hospital, mental disease hospital, one bridge, and an air-conditioning system for the municipal auditorium.

In connection with the work done in investigating these projects, the Bureau demanded from the city a financial statement showing the city's ability to pay before it filed the applications. This was given. The Bureau furnished the city the most inexpensive plan of finance for paying for the proposed city hall.

As an outgrowth of the budget study, the Bureau also has been working on a centralized purchasing system, a reorganization of the police department, simplification of the brake test tag, and elimination of the overlap of activities of the factory inspector's office with other agencies.

Harold A. Stone

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Bureau of Research in Municipal Government, Bowdoin College.—The Bureau is making available to the Governor's Committee on Taxation for the state of Maine its collection of materials on taxation. On December 1 and 2 a meeting on taxation was held at Bowdoin College campus. This meeting was arranged under the auspices of the Committee on Policy of the American Political Science Association. Several members of the Governor's Committee were present.

Dr. Orren C. Hormell, professor of government at Bowdoin College and director of the Bureau of Municipal Research, has been employed by the survey committee of the town of West Hartford to conduct during the next six months a survey of the government of West Hartford and to offer recommendations for changes.

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School of Government, University of Southern California.—The Sixth Annual Institute of Government will be held at the University of Southern California, April 2-7, inclusive, 1934. The purpose of the institute is to train public officials, employes, and civic workers, and to provide facilities for technical study and conference with distinguished administrators and technical experts.

The morning sessions will be used for inspection of governmental departments in the area immediately surrounding Los Angeles under the direction and leadership of the men who are actually managing the departments, as well as the leadership of some of the men who are invited to participate in the session. In the afternoon sections will meet for lectures and round table discussions in specific branches of governmental work. In the evening there will be general assemblies for the discussion of subjects of common interest in government.

The program is prepared by committees composed of over two hundred public officials and employes, and these committees are now meeting to arrange the leaders and subjects. Among the sections which will meet at the 1934 Institute are: budgets and accounts, city clerkship administration, city council administration, city managers, county administration, educational administration, federal administration, hospital management, housing, judicial administration, legislative problems, metropolitan government, planning, police administration, principles of government, principles of public administration, probation, public personnel administration, public engineering, recreation and parks, taxation, water supply and sanitary engineering, and welfare administration.

Dean Emery E. Olson

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Bureau of Municipal Research and Service, University of Oregon.—This Bureau has recently been established at the University of Oregon after repeated requests from the League of Oregon Cities for a service agency of this kind. The director of the Bureau, Herman Kehrli, serves also as executive secretary of the League, and the activities of the two agencies are therefore closely coördinated.

The first project of the Bureau has been that of assembling charters, ordinances, annual reports, budgets, municipal utility rates, and other available documents and data regarding municipal government in the state.

Five conferences have been held in various parts of the state for the discussion of new federal and state developments of interest to municipal officials. City councils have been invited to present their requests for information and assistance, with the result that some forty inquiries were received during the first three months. The municipal consultant employed for the Oregon League by the American Municipal Association has been available since November 15 to all cities for advice regarding PWA and CWA applications, emergency legislation of the recent special session of the state legislature, and other municipal problems.

The Bureau has recently undertaken a study of city financial problems resulting from tax delinquency. The CWA has made available a staff of six clerks for this study.

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University of Washington.—Joseph P. Harris of the department of political science, has completed for the State Emergency Relief Administration a comprehensive report on the financial status of the counties of Washington. The law creating the State Emergency Relief Administration provided that counties should match state funds for unemployment relief, but permitted exceptions. Many of the counties claimed that they were unable to match state and federal funds. Mr. Harris's study presents a wealth of data which makes possible comparisons between counties. He and his research assistants have prepared a chart for each county showing among other things its unemployed relief load and unemployed relief costs, its welfare expenditures, assessed valuation, bonded and warrant debt, tax levy, effect of the forty-mill tax limit, tax collections, and trend of assessments. In addition to the compilation of statistical data, Mr. Harris visited twenty-one of the thirty-nine counties and attempted to interpret these figures and to secure all of the additional or supplementary data necessary to an understanding of the local financial conditions.

The report is not yet in printed form but manuscript copies might be made available to research workers in other states who have been asked by the state relief authorities to prepare similar reports.

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Cincinnati Bureau of Governmental Research.—The Bureau has undertaken a series of studies dealing with regional government. The first study of the series was entitled "A Survey Defining the Boundaries of the Cincinnati Region." The second report has just been completed. It is entitled "Township Government in the State of Ohio with Particular Reference to Hamilton County." The study conducted by the Bureau revealed that the townships in Hamilton County are not functioning satisfactorily and that the complete elimination of these units is desirable. Its important functions—poor relief and highways—can better be performed by the county. Indeed the transfer of these functions has already been made to a large extent in Hamilton County, but the townships remain as skeleton organizations. Several possible ways of eliminating the township are discussed, including the enactment of a general state law eliminating certain or all township officers and functions, completion of the process of transferring functions from township to county by state law or voluntary assumption of these functions by the county, and the adoption of a new county charter under the county home rule amendment approved by the voters of Ohio, November 1933.

New Haven Taxpayers, Inc.—The Association has recently isued a report summarizing its activities during the past six months. Paul B. Wilcox, former director of the Stamford Taxpayers' Association, was appointed full-time executive director of the organization in July 1933. Offices were established in a building owned by Yale University fronting on the Commons. Ten survey committees paralleling as many city departments or functions have been established and a comprehensive program of research formulated and begun. The committee on budgeting is preparing recommendations for improving the budget set-up in order that a more accurate picture of the complete costs of city functions will be given. The committee on schools, which includes a trained school administrator, has secured the coöperation of the school authorities in its analysis of the administrative problems of the school system. A detailed study of the police department is being made by the committee on police and the fire department is being similarly surveyed by another committee which has secured the coöperation of engineers of the National Board of Fire Underwriters.

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Governmental Research Reports Received Since January 1, 1934.—

Financial Aspects of Old Age Pensions and the Poll Tax, by Leo Day Woodworth, Detroit Bureau of Governmental Research, November. Report No. 135. 33 pp.

Water Consumption and Metering in Philadelphia, by Charles A. Howland, Bureau of Municipal Research of Philadelphia, December. 32 pp.

Recent State Gross Sales Tax Legislation, by James W. Martin and William A. Tolman, Bureau of Business Research, University of Kentucky, Lexington, January. 28 pp.

A Study of the Proposed Construction of New Building for Isolation Hospital Facilities, Schenectady Bureau of Municipal Research. 14 pp.

The Auditing of Municipal Accounts in New York State, by William A. Lafferty, Jr., School of Citizenship and Public Affairs, Syracuse University, 1933. Publication No. 28. 83 pp. Price $1.

Revenues and Expenditures of the State of Rhode Island, Fiscal Year 1933, Providence Governmental Research Bureau, January. 4 pp.

Survey of Judicial Townships of Los Angeles County, California, Bureau of Efficiency of the County of Los Angeles, December. 17 pp.

An Immediate Tax Program for the State of Kentucky, by James W. Martin, Bureau of Business Research, University of Kentucky, Lexington, January. 28 pp.

The Township Government in the State of Ohio with Particular Reference to Hamilton County, Cincinnati Bureau of Governmental Research, Cincinnati, December, 1933. Report No. 54. 51 pp.

County Consolidation in Colorado, by Scoville R. Heckart and G. S. Klemmedson, Colorado Agricultural College, Fort Collins, December, 1933. Bulletin No. 406. 57 pp.

Property Tax Limitation Laws, by Robert M. Paige and Glen Leet, Editors, Public Administration Service, 850 East 58th Street, Chicago, February, Publication No. 36. 96 pp. Price 75 cents.

Representative Administrative Organization Charts of Cities, American Municipal Association, Drexel Avenue & 58th Street, Chicago, February, Report No. 76. 23 pp. Price 50 cents.

School Finances in Virginia, by William H. Stauffer, Virginia State Department of Taxation, February. 82 pp.

A Fiscal and Administrative Survey of the City of New Orleans, by National Industrial Conference Board, New Orleans Tax Revision Commission, December. 142 pp., tables.

School Organization in the Detroit Metropolitan Area, by Don S. Miller, Detroit Bureau of Governmental Research, February. 18 pp., tables.

Local Finance and Procedure, by Loren B. Miller, Detroit Bureau of Governmental Research, September, 1933. 97 pp.

Boston City Finances and the Effect of Restoring Salary Schedules, Boston Municipal Research Bureau, February. 20 pp.

Population Trends, by George T. Ragsdale and Lent D. Upson, Detroit Bureau of Governmental Research, December, 1933.

Financial Survey of the State of Tennessee for 1933, Tennessee Taxpayers Association. 210 pp. Price $5.

County Reorganization in Ohio, by Harvey Walker, Ohio State University, January. 9 pp.

Survey of Eloise Hospital, Wayne County Research Bureau, Detroit, June, 1933. 61 pp.

Unified Government and Tax Reform for Los Angeles County, Los Angeles Bureau of Municipal Research, February. Report No. 113. 132 pp., tables, charts. Price $3.50.

Taxation and Government

Two dangerous tendencies in taxation noted.

EDITED BY WADE S. SMITH

Sales Taxes and Tax Limitation.—Fifteen states have already adopted some form of sales tax, twelve of them doing so in the last year, and more are considering such measures daily. The growth of tax limitation has not been so rapid (though four of the states adopting sales taxes in 1933 also adopted tax limitation laws), yet there is just as clearly a trend toward the tax limit. Only ten states were without general tax limitation provisions by the end of the year, with many states, Ohio in particular, having tightened existing limits.

The detailed effects of both of these types of enactments have been fully developed during the past year. The inequality, and even inadequacy, of the sales tax is fully understood; so too are the dangers resulting from the inflexibility of tax limitation laws. Yet the close connection between the two measures is not noted as frequently as might be expected. Both are, basically, intended to provide relief to real estate and general property. This is obviously so in respect to tax limitation. That it is so in respect to sales taxes is shown by the fact that the strongest supporters of such tax laws have been municipal officials and taxpayers' associations bent on supplementing local revenues with income from non-property sources.

If reform of the tax system is to be confined to the promotion of these two measures, the outlook for a sane financial system for local government is dark indeed. Granting that tax limitation is imposed because of a distrust of the willingness of officials to keep local expenditures within desired limits, tax limitation fails in its purpose because of at least two important factors. In the first place, tax limitations which will actually limit expenditures will also cripple government to just the extent that limitation is secured; this is necessarily so when existing debt charges are included within the limit. In the second place, tax limitation is easily evaded, and leads to a confusion of taxing jurisdictions and the piling up of real costs under a myriad-headed authority. Financing of current items out of borrowed funds becomes common, special assessment and other taxing districts are utilized to evade the local limits, assessed valuations may be manipulated so as to allow a greater margin for expenditures within the legal limit. Such considerations as these make the adoption of adequate tax limitation both theoretically and practicably impossible.

The truth of the matter is, of course, that the ends sought by both sales taxes and tax limitations can be better gained by wholly different procedures. Sales taxes may be necessary as emergency measures; but the whole matter of supplementing the levies against real estate is properly a matter of more basic readjustment of the tax system. A special committee of the American Legislators' Association is already at work upon the problem of coördinating federal, state, and local revenues, and there are hopeful signs that the matter will soon be receiving widespread attention. Certainly the pressure from local taxpayers' groups will eventually provide a powerful impetus to such revision, once the need for action is fully understood. Similarly, the limitation and control of expenditures must be secured in other manner than by the limitation of tax rates or levies. The whole problem of governmental and financial control is involved.

Sales taxes and tax limits are at best patchwork approaches to the intricate fiscal problems confronting local government. The ends so sought can be secured by more adequate means, with far less danger of crippling governmental services and further unbalancing the taxation systems.

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Collecting Taxes in Memphis.—The 1933 budget for Memphis, Tenn., was drawn on a basis of 75 per cent collection of the year's tax levy. In June it became apparent that collections would not equal that figure, and in August, when the payments for the second quarter were due, city officials inaugurated an intensive campaign to secure the necessary funds. Newspaper stories, radio, handbills, posters, public speakers, and other means were used to present the city's financial condition. In the words of Mr. Ralph Picard, administrative assistant to Mayor Overton: "On September 1 we began to cash in. We were able to repay the million dollars of short term notes issued in anticipation of our tax collections. We had sufficient funds on hand to operate for a few more months . . . But we had not collected the 75 per cent anticipated, so our tax campaign was renewed."

A novel variation of the familiar house-to-house canvass was used, ward workers of the administration's political party supplementing other volunteers (mostly teachers and other civic employes) in presenting the tax bills to delinquents. At the same time, the mayor and city commissioners announced that penalties and interest would be waived for "every citizen who will come to the city treasurer's office and make arrangements to pay even a part of the 1933 taxes." Installments ranging from five to ten months were permitted. By January first the city had collected 74.11 per cent of the 1933 levy, and had received nearly half the delinquent 1932 taxes, plus arrears from other years also. To help taxpayers take advantage of a 1½ per cent discount if taxes are paid in full before June 10, a local bank instituted a tax club, full results of which cannot be known until June 1935. The entire campaign was administration directed, and officials feel that they have effectively met the 1933 emergency and are ready to resume activities should it become necessary in 1934.

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Explaining the Tax Bill.—One of the results of the present reluctance of taxpayers to pay taxes promptly has been the effort on the part of city officials to demonstrate just where and how the money is spent. "Budget dollar" pamphlets have been widely used to report to citizens in statistical tables, charts, and brief explanations just what the tax dollar buys in terms of services supplied by the municipal corporation. Among the best of these is one issued by the Department of Public Works, St. Paul, Minn., prepared by Accountant Joseph Pavlicek, which analyzes costs and shows further tax reductions difficult because of high tax delinquency and increased county and state levies. A similar pamphlet issued by the city council of Beverly Hills, Calif., presents departmental and service costs on an "average" four-person family basis, while a leaflet issued by the Junior Chamber of Commerce of Columbus, Ohio, in connection with the Franklin County tax collection campaign, presents services and budget deficiencies caused by tax delinquency in terms of services *provided at the taxpayers' own insistence.*

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Municipal Debt Increased in 1932.—Gross debt, less sinking fund assets, for county and local units amounted to $13,503,422,000 in 1932, according to a preliminary summary released by the Bureau of the Census. Total state and local debt for the 194,630 units having debt-incurring power amounted to $19,684,577,000, or $158.10 per capita as compared with $45.11 per capita in 1912. Of the total gross debt 14.7 per cent was state, 12.3 per cent county, 51.3 per cent city, town, village, and borough, 11 per cent school district, 1.8 per cent township, and 8.9 per cent other civil divisions.

The net debt of the counties increased 514.7 per cent from 1912 to 1932; that of the cities, towns, villages, and boroughs 208.2 per cent and that of the school districts, townships, and all other civil divisions 1,636.5 per cent. During the two decades the net federal debt increased 659.1 per cent. In comparison with the other governments the increase of municipal indebtedness was almost moderate.

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General Property Levy Collections Improving.—Early reports indicate a slight improvement in the collection of tax levies against general property during 1933, though rarely are they very large. In some places increases have been secured at the cost of extraordinary activity on the part of city officials; in others they appear to be the result of the general economic pick-up. Baltimore, with from 2 to 4 per cent greater collections, in terms of budget requirements, than in 1932; Atlanta, Ga., with $1,594,652 as compared with $1,241,459 in 1932; St. Louis, Mo., with 30 per cent more than at the corresponding period ending December 21, 1932—are typical of the collection increases reported. From other cities come reports of downward trends sharply checked or eliminated.

Yet, encouraging as are these improvements in collections, they cannot be accepted as grounds for believing that the municipal crisis is over. The high delinquencies prior to 1933 must still be collected or absorbed in forthcoming budgets if hundreds of cities and towns which have already spent the money are to get on a sound financial basis.

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Campaign Manual for Pay Your Taxes Committees.—Suggestions for organizing and conducting a Pay Your Taxes Campaign have been gathered into a twelve-page mimeographed manual for the use of local tax delinquency groups and officials, issued as part of the information service of the National Pay Your Taxes Campaign by the National Municipal League. The model campaign embodies the methods used successfully by scores of cities which have secured substantial amounts of delinquent taxes, as well as suggestions for preventing future wholesale delinquencies. Copies may be secured gratis from the League.

*

The city council of St. Petersburg, Fla., is reported to have accepted settlement of 1931 delinquent taxes at fifty cents on the dollar, up until April 1. Thereafter five per cent is added monthly. The plan involves the cancellation of $750,000 past due interest coupons of the city, the use of which to pay delinquent taxes was the subject of pending litigation. Receipt of city paper in payment of tax debts is expensive business.

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Kansas City. Mo., faces a deficit of about $200,000 for its current year, according to a bulletin of the Civic Research Institute. The cash deficit is expected to raise the total to anywhere between $200,000 and $500,000. Salary cuts will be used again to "balance" the budget.

*

A tax-receivership bill similar to the Skarda Act of Illinois and the Stout Act of New Jersey has been introduced into the senate of the New York State legislature by Senator Seabury C. Mastick. The bill would permit so-called "rent receiverships" for the next three years.

*

State and municipal borrowing totaled $159,596,324 during January, according to figures compiled by *The Daily Bond Buyer*, New York. This is the second highest figure for January in the past ten years, the highest, $174,675,400, occurring in 1927. Of this January's total, $121,222,564 was lent by the PWA and RFC.

*

Agricultural land and improvements in Wisconsin carried only 15 per cent of the 1933 tax levy of $94,300,000, according to a study made by the Wisconsin Taxpayers Association. Residential property carried 45 per cent of the total levy. Seventy per cent of the levy was paid in the cities, 7 per cent in the villages, and 23 per cent in the towns.

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A statement of the bonded debt of the city of Warren, Ohio, issued by the Chamber of Commerce, shows that three bond issues floated to finance a park project in 1911-12 will cost a grand total of $163,000 before the taxpayers get through paying off the interest and principal on an original loan of $65,000. One of the issues runs for sixty-six years. A paving bond issue, running for twenty-one years, will cost $92,977 in interest against a principal of $76,900. Comment unnecessary.

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Cuyahoga County, Ohio, in which the city of Cleveland is located, is not only faced with accrued delinquencies of some $73,000,000, but is now being embarrassed by the offer of its prompt-paying taxpayers to prepay the *next* levy—with scrip issued by the city and received by the taxpayers in the course of business! A Pay Your Taxes Campaign is being organized to help realize on the unpaid taxes.

*

Lewiston, Me., unable to borrow in anticipation of tax receipts in 1933, offered a sliding discount for the prepayment of taxes, ranging from 5 per cent if payment was made in May to 2 per cent if made in August. The results were so satisfactory that no borrowing was necessary, and a cash balance is expected when the fiscal year ends in February.

The 1933 report of the city auditor of Cincinnati shows that receipts from real estate and personal property tax exceeded budget estimates of $5,369,040 by $164,572.

*

The attorney general of Indiana is reported to have started a campaign to collect delinquent taxes under laws ignored for many years. A tax on brokers, adopted in 1852, and a tax on theatres are being revived, according to press reports.

*

The governor of North Dakota issued a proclamation recently directing sheriffs and county auditors to refrain from issuing foreclosures or tax deeds affecting farm and city homes and farm lands. Moratorial laws in Texas have been scheduled for test before the state supreme court there also.

*

Methods of Procedure Against Defaulting German Municipalities.—The approaching session of Congress will be presented with proposals for organizing means of refunding or scaling down local debts. In this respect it is interesting to observe procedures which have been provided for use in the case of German municipalities, where the debt problem has assumed serious proportions. National German law has left this field of regulation to the states, some of which still have no provisions covering the problem. The year 1932, however, saw an expansion of such regulation. In some states, as Prussia, Saxony, and Württemberg, action of the creditor against a defaulting municipality may be taken in the ordinary courts, the court or an administrative body deciding what properties are not subject to attachment as being essential to the performance of public obligations. In other states, including Lübeck and Bavaria, the ordinary courts are not competent, but creditors may press their claims before higher administrative tribunals. Most of the state statutes do not clearly distinguish between properties which can be attached and those which cannot.

In Mecklenburg-Schwerin and Württemberg a limited form of bankruptcy procedure against defaulting municipalities is possible. In the former state such procedure is subject to the consent of the minister of the interior, who determines whether the municipality is unable to pay and designates property not subject to action.

A different type of procedure is provided in the *Zwangsetatisierung*, or budget control by a superior administrative body. In this case the creditors are not usually empowered to bring on the action. In Saxony and Prussia, however, creditors may propose to the administrative authorities that they take such action. Under the *Zwangsetatisierung* the superior officials may compel municipal authorities to lower or eliminate certain expenditures or to raise taxes, fees, and rate charges of municipal utilities in order to meet local obligations, including debt service.

The possibility of centralized supervision of local affairs does not end here, however. In Saxony, in case other procedures remain unavailing, the state may place a commissioner in charge of the municipality. The commissioner controls the property and financial affairs of the municipality with a view to arranging debt payment in the best possible way. A similar procedure is available in Prussia, where a commissioner may also be sent in by supervisory authorities. The procedure is permissible, however, only in so far as it does not endanger an ordered administration of the needs of citizens. Necessary expenditures for social purposes, unemployment relief, payments to civil servants, and retirement benefits, as well as payments due from the municipality to other political units, must be made before the debt claims are satisfied.

In general, the problem of the defaulting German municipality has been met by increasingly centralized control of local financial administration. The various procedures named above are designed to protect the interests of creditors, but the needs of the population, in theory at least, are considered paramount to the satisfaction of debt charges. Some of the above legislation was designed to be temporary, but the general direction of contemporary German politics leads one to expect anything rather than a relaxation of centralized control. With the eventual elimination of the German states, similar regulations can be expected for the entire *Reich*, with administration centering in Berlin.

—Lee S. Green

Research Fellow,
Brookings Institution,
Washington, D. C.

NOTES AND EVENTS

H. M. OLMSTED

Massachusetts Cities and Their Boards.—Municipalities of Massachusetts, feeling the pressure of governmental costs, are considering more complete integration of government under the mayor — a policy deliberately planned to take power from the numerous unpaid boards and independent committees.

Although Boston and Worcester show more promising signs of development this year, the revolt against boards and committees was hottest in Cambridge last year. Eight years ago Cambridge was given an apportioned tax rate for support of schools, to be administered by an independent, elected school committee—with no mayoral veto on the budget. This committee has turned into a political spring-board in recent years. Last year four of the six members ran for other political offices and three had held them. Despite Cambridge's colleges, fewer of the school committee members have college degrees than the average school committee of the state. Minor irregularities and a great deal of nepotism have been known to exist in school administration for several years; and when Mayor Richard E. Russell began his administration in 1930, he found his economy program held up by the school committee.

School teachers have rallied around the committee and have drawn a part of the Harvard Graduate School of Education with them. They point to the indisputable fact that independent school systems by and large furnish services of a higher calibre according to the mechanical tests of school expenditure and services available, but they cannot explain away the poor and selfish administration in Cambridge.

Mayor Russell had the city government surveyed by Professor Thomas Hinckley last year and, with the help of Professor J. M. Landis, proposed an integration of the forty odd boards and departments of the city into five major departments. The proposed reorganization included a veto power of the mayor over the school budget in addition to lopping off a number of unpaid boards and creating a much needed central purchasing office and a budget director. He hoped to cut the city tax rate from $37.00 to $25.00 by aid of this integration. Citizens attested their approval by a handsome majority last fall but at the same time elected an opposition council. The legislature denied the veto of the school budget while the council rejected, then accepted, the new finance ordinance but failed to appropriate for the new officers. Throughout the bitter debates the principle of administrative efficiency stood in sharp contrast to the principle of citizen control of government through boards and committees.

In Boston the center of contention has been the Boston Department of Public Welfare, whose work in the first years of depression was described by W. H. Pear of the Provident Association in the REVIEW for November 1931. Social workers call the twelve unpaid overseers who supervise the department a "buffer" against political interference, while taxpayers' representatives call them "window dressing" and demand a few sharp business administrators. The social workers, attorneys, and miscellaneous citizens on the board represent neither aristocracy nor great business brains, but they are not politicians and they do represent an important group of unselfish citizens. Perhaps the compromise of reduction of the board to seven members and centralization of administration under a commissioner, as suggested by the Chamber of Commerce, would maintain the two functions desired. Board costs had increased even before 1929 more rapidly than the total government costs. In the more or less normal period, 1922-1929, the increase of total city, council, and school expenditures was 44 per cent while, to take a few sample board budgets, the library increased 57 per cent, school building 50 per cent, public welfare 90 per cent, parks 298 per cent. These increases are sometimes used to help explain the fact that Boston last year had the highest tax rate of Group I cities in C. A. Rightor's list. So charter changes providing for a compulsory reduction in the number of departments which would automatically eliminate some of the dozen odd boards have been proposed to the legislature. In particular organizations like the Finance Commission, it has been specifically suggested that the unpaid members be eliminated.

However, most unpaid board activities are of the social educational type which were gaining a greater percentage of city budgets everywhere in the 1920's. The tremendous cost in overhead, reserve forces and materials, and other items coming from the break-up of the Boston metropolitan area into separate cities and towns has much to do with the high tax rate.

Why has the socially conscious and intelligent Massachusetts business aristocracy failed to work its system of lay administration? One important reason is that as a result of a most unfortunate racial and religious division, the government of these cities is no longer its government. Another reason is that many of them have withdrawn to tax colonies in Brookline or other towns, leaving their civic responsibilities behind them. In the towns with a homogeneous population a great deal of unpaid citizen labor is well performed. The urban "Brahmin," however, sublimates his instincts of social sympathy in private charity or in the government of the commonwealth, while a sadly divided metropolitan area struggles on with inefficient government under extraordinary tax rates.

G. C. S. Benson

Cambridge, Mass.

*

Wilmington Looks for Governmental Improvement.—Recent indications point to renewed interest in making the government of Wilmington, Del., a more serviceable and economical agency. The annual report of the Chamber of Commerce set forth several recommendations concerning municipal government. The report of the public accountants who recently completed a city audit likewise contained suggestions for improving the city government. The mayor, who issued an excellent annual report in November which included several recommendations for governmental improvement has since issued a call for a conference of citizens to consider the municipal organization. All three reports called for reorganization of the tax-collection system and for custody and disbursement of all city funds by the city treasurer. The mayor and the accountants advised centralized purchasing; the accountants and the commerce chamber suggested improvements in the budget system. Various other recommendations came from some one of the three sources.

*

Professor White on Federal Civil Service Board.—Leonard D. White, associate professor of political science at the University of Chicago, and well known for his studies and books on various phases of municipal government, has been selected, through recommendation of Secretary of the Interior Ickes, as member of the United States Civil Service Commission, succeeding Thomas E. Campbell, resigned.

*

A Comprehensive Report on Constructive Economy.—The committee on state and local taxation and expenditures of the Chamber of Commerce of the United States has issued its report to the board of directors, under date of January 1934; it is comprised in eight pages of a printed leaflet. The committee of seven members is headed by Junius P. Fishburn, president of the *Times-World* Corporation, Roanoke, Virginia, and includes Charles R. Carroll, General Motors Corporation; C. A. Dykstra, City Manager of Cincinnati; Russell Forbes of New York; William Fortune of Indianapolis; Henry Hart of Detroit and Jacob M. Lashly of St. Louis.

Savings of about a billion dollars in state and local expenditures in the past year are indicated. While certain dogmatic statements about the relation of taxes to national income are made, emphasis is laid on constructive economy as opposed to mere budget slashing.

Proposals stressed are

- Consolidation of local governments
- Economies through coöperation by different governmental units
- Reorganization of local government administration
- Qualified officials
- Administrative economics—centralized purchasing, accounting, control, etc.
- Improved budgetary procedure
- Balanced budgets
- Curtailment of governmental activities and costs, where indicated by a critical examination
- Budgetary reductions by executives to be made legally possible
- Modify mandatory expenditures
- Debt policies—long time capital planning, avoidance of debt for recurrent expenditures, serial bonds, debt limits, etc.
- Coördinate tax and spending years
- Tax collection made efficient
- General use highways transferred to the state
- Examination of costs—with regard both to the current fiscal situation and a balanced program over a period of years.

Problems recommended for special study are: simplification of government; local indebtedness, including methods of bond issuance and debt control; and reduction and elimination of federal, state, and local multiple taxation.

*

Budget Dictator Proposed in New Jersey.—The New Jersey State Chamber of Commerce has drafted a bill for state control over local finances through a single commissioner to be named by the presidents of Princeton University, Rutgers University, and Stevens Institute of Technology, for a term of fifteen years but removable by the appointing committee.

*

Charter Reform Movements in Erie County.—Erie County, New York, containing the city of Buffalo, is experiencing much discussion of county government reform, with home rule proposals coming in conflict with state-wide county reform legislation. The Erie County Survey Commission, headed by former Justice Daniel J. Kenefick, advocates a separate charter for the county, with a county executive and a county controller to be elected.

*

State Planning in Illinois.— The Illinois State Planning Commission, created by statute last year, is undertaking a program looking toward intelligent planning of land use and public works, the wise development and conservation of physical resources, and general economic and social betterment. Ten specific surveys are to be made: general and statistical data, zoning and local planning including redistribution of industry, state institutions, stream control, stream sanitation, outdoor recreation, mineral resources, agricultural problems and rural land-use planning, transportation and public works. The Federal Civil Works Administration has made an allocation of funds to this work. Robert Kingery is chairman of the commission, state planning engineer H. L. Kellogg is in charge of the program, and Jacob L. Crane, planning consultant of the National Planning Board, is advisor.

On January 10 a Conference on New Planning Opportunities in Illinois was held at the University of Illinois under the direction of Dean Rexford Newcomb; it was attended by 150 officials and planning on the part of city, state, and national government was discussed.

*

Delinquent Townships Facing Dissolution.—In St. Louis County, Minnesota, which, although it contains the city of Duluth, includes a large area of undeveloped territory, thirty-two townships may be dissolved under state law by the Board of County Commissioners because of high tax delinquency, according to the *United States News.*

*

Housing and Real Estate Surveys.—Inventories covering the construction, facilities, rents, and character of occupancy of all buildings are reported by the International City Managers' Association as having been undertaken with federal funds in sixty-three cities, and in fifteen of the cities similar surveys are being made as CWA projects. In New York some two thousand CWA workers are involved in this work under the direction of Wilfred S. Lewis, secretary of the tenement house department, with advisory aid from the United States Bureau of Foreign and Domestic Commerce. The information will be of special benefit in connection with planning that city's slum elimination projects.

*

Federal Efforts to Guard Against Municipal Bankruptcy.—Professor Simeon D. Leland of the University of Chicago and advisor to the Illinois Tax Commission has been asked by Secretary of the Treasury Morgenthau to make a general investigation of the municipal financial situation in the effort to devise a plan under which the federal government may assist cities on the verge of bankruptcy. Jesse H. Jones, chairman of the Reconstruction Finance Corporation, has conferred with Secretary Morgenthau and both have indicated that assistance should be extended to several hundred cities in serious financial straits. However, the RFC could not be expected to lend money to cities that have not balanced their budgets, Mr. Jones declared.

*

To Aid in Solving Financial Problems of Education.—The New York State Economic Council has created an educational advisory committee, headed by Professor Frank E. Spaulding of the Yale University Graduate School, with the purpose of bringing about better mutual understanding between educators and taxpayers and assisting public administrators in efforts for economy and efficiency. The council, according to its president, Merwin K. Hart, has been impressed with the critical character of problems involved in the current maintenance of public education. He stated, "No condition could be worse for public education and the public welfare than hostility between those in charge of the public schools and those who pay the bills for their support." Within reasonable limitations the services of the committee will be free, and will not be imposed upon any one. Cooperative studies with local officials and representatives of education are proposed. Committee headquarters are Room 608, Chrysler Building, New York.

*

The Situation in New York City.—New York City is still in a precarious financial condition. The comptroller sees payless paydays ahead and is unable to find a market for new short term city securities. The city faces the necessity of defaulting on debts and contracts. Mayor LaGuardia and the board of estimate hope to balance the budget, re-establish the city's credit and eliminate the deficit of approximately thirty million dollars before it is too late to obtain from the PWA the funds necessary to complete the Eighth Avenue subway system—the federal government has made a balanced budget a condition of advancing moneys already allocated for this purpose.

But the state legislature has thus far refused to pass the so-called "Economy Bill" which seems to be the only hopeful means of balancing the budget. This would give the board of estimate and apportionment power, by ten votes out of sixteen, to abolish positions, reorganize departments, make salary cuts within a limited field, and grant payless furloughs of not more than one month. Mayor LaGuardia has already announced his intention to abolish over one hundred positions in the county offices and cut salaries all along the line. He has also indicated his intention to graduate salary cuts and the length of enforced furloughs in order to protect employees receiving the lowest pay.

The mayor is making a fresh effort to bring about unification of existing rapid transit facilities in New York City. He has asked the new city chamberlain, Professor Adolph A. Berle to represent him in pending negotiations with the transit companies. Recently the board of estimate appointed Judge Samuel Seabury to act as special counsel for the city.

Throughout the city many changes have been made. The five separate park departments have been consolidated under one city park commissioner. A municipal housing authority has been established. Unspeakable conditions have been uncovered and are being corrected in city prisons. The board of estimate has changed its method of procedure so that it now starts promptly, its business proceeds in a rapid, orderly manner, and special days have been set aside for public hearings on all matters requiring statutory hearings as well as those concerning which hearings have been requested.

The all-important subject of charter revision is being held in abeyance for the time being, pending the fate of the "Economy Bill" and the solution of the city's financial problems. A bill containing the charter recommended by Judge Seabury and several bills naming charter commissions have been introduced at Albany but their sponsors are marking time. Meanwhile Mayor LaGuardia has announced his belief that proportional representation as applied to elections in New York City and changes in the structure of the city government should not be submitted to the voters in one document but should be presented as separate questions. The only thing certain at this date is the crying need for a new, modern charter for the city of New York.

Margaret Tanzer

Citizens Union of New York

NATIONAL MUNICIPAL REVIEW

APRIL · 1934

Municipal Recovery on the Horizon
• • • EDITORIAL

Housing Under the New Deal
• • • JOHN H. MILLAR

The Blue Grass State Reorganizes
• • • J. W. MANNING

Philadelphia's Bar Primary
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A Missouri County Wants a New Deal
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• • • KIRK H. PORTER

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THE LEAGUE'S BUSINESS

Western Conference on Government.—The League is one of thirteen organizations taking part in the Western Conference on Government, held March 28-30 at the University of California, Berkeley. Among the topics being discussed are reorganization of local government, municipal finance, national recovery and public welfare, housing and the "New Deal," debts and tax collections, and municipal, state, and federal inter-relationships. Reports on the meetings are not available as we go to press but an account of the conference will be carried in next month's issue of the REVIEW.

* * *

Radio Series Still Popular.—The current series of "You and Your Government" broadcasts is proving as popular with our radio audience as former series. The program for April and May is outlined below. These broadcasts may be heard each Tuesday evening at 7:15 eastern standard time.

April 10—"State and Local Government in the Control of the Liquor Traffic." Albert L. Scott, Engineer, Co-author Rockefeller Report, Toward Liquor Control; Yandell Henderson, Professor of Applied Physiology, Yale University; Professor Luther Gulick, Columbia University, Director, Institute of Public Administration.

April 17—"From the Heart of the Depression." Mayor Frank Couzens, Detroit; Arthur J. Lacy, Attorney; Professor Arthur W. Bromage, University of Michigan.

April 24—"Local Government and the New Deal." Dr. William T. Foster, Consumers Advisory Board; Harold D. Smith, President, American Municipal Association.

May 1— "Suburban Troubles." Walter R. Darby, State Auditor, New Jersey; E. F. Dunstan, Chairman, Municipal Securities Committee, Investment Bankers Association of America; Arnold Frye, Attorney, Hawkins, Delafield and Longfellow.

May 8— "Chicago Over the Hump." John O. Rees, Secretary, Committee on Public Expenditures; Robert B. Upham, City Comptroller.

May 15— "Schools for Municipal Officials." Mayor J. Boyd Thacher, Albany, N. Y.; Albert H. Hall, Director, Bureau of Training, New York Conference of Mayors; Morton L. Wallerstein, Director, Virginia League of Municipalities.

May 22— "News from the South." Mayor J. Fulmer Bright, Richmond, Va.; Hon. William B. Harrison, Former Mayor of Louisville, Ky.

May 29— "The National Administration and Local Reorganization." George F. Milton, President and Editor, The Chattanooga *News;* Arnold Bennett Hall, Director, Institute for Government Research, Brookings Institution.

* * *

New York State Conference.—"Reorganization of Town and County Government" was the general topic of a conference held March 29, in New York City, for representatives of citizens' councils in New York State and others interested. This was the first of a series of conferences planned under the auspices of the National Municipal League to give working information to council delegates and plans through which activities of local councils in New York State can be coordinated in a state-wide program.

Dr. Carl McCombs of the Institute of Public Administration, Carl H. Pforzheimer of the Westchester County Commission, and George H. Hallett, Jr., of the New York Citizens Union, were among the speakers at the afternoon conference. Senator Seabury C. Mastick spoke at the dinner in the evening on the work of the State Commission on Local Government.

HOWARD P. JONES, *Secretary*

Editorial Comment
❖
April

NATIONAL MUNICIPAL REVIEW

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Municipal Recovery on the Horizon

The Hopi Indians, who live in a few isolated towns perched on three almost inaccessible mesas in northeastern Arizona, are among the most civilized of the North American tribes. They are an agricultural people, they live in houses (one might almost say apartments) built of slabs of rock, and they have a deep tradition of living at peace with their neighbors.

They have, of course, no municipal services (except such as are supplied them by a paternalistic national government) but then, they have no property taxes to pay. Minus taxes, unless offerings to the gods of wind and rain, of sunshine and storm, of famine and plenty might be termed taxes, and disregarding the federal government's part, they live much as would the rest of America were its people paying no taxes.

They have no paved streets, they have no sewers, they have no libraries, they have no schools, they have no public health service. Indeed, one hundred of them had the measles last year and forty are reported to have died as a direct result of the "cure" that they apply to all diseases alike. They have no running water in their homes—the patient women frequently carry water for miles from the nearest spring.

It is a long step from an existence of this kind to the complexity of modern urban life. The length of the step is apparent. It is a whole and complete rebuttal to those who would say to a community which cannot pay for the services it requires—close up and send your people back to the farms. In a democracy there is no going back. The only forces which can order an about-face are those of death and destruction. No such forces are apparent in the America of today.

On the contrary, hope and faith shine from one end of this country to the other. In a few cities where it has been necessary to prevent default on either bonds or services, citizens have actually been willing to pay increased taxes this year. A significant straw in the wind comes this week from Dallas, Texas, where tax collections to April 1 have actually exceeded expectations. Perhaps even more significant is the decision of the city council in another Texas municipality to increase the appropriation for libraries in the current budget. Even in Alabama, where schools have been kept open by tremendous local efforts plus help from Washington through the CWA, a spirit of confidence is so evident as to be striking.

The near future should see the beginning of the restoration of municipal services that have been eliminated or seriously impaired. The doors of libraries now closed should reopen, boarded up schools again resound with the hum of activity and the voices of children—the lost ground regained.

As in most human activity, however, a note of warning needs must accompany a note of cheer. Of vital importance in municipal recovery is to steer away from old methods and archaic forms. Let the process of elimination of waste forced by the depression go on. Much of the economy of the depression was immediate and hasty economy. In city after city it should be possible to restore curtailed services without an increase in the tax rate through long range economy programs which involve fundamental improvement in government organization and methods.

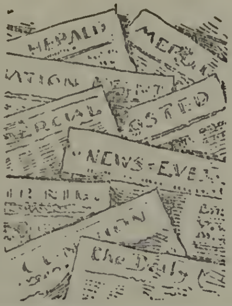
Municipal recovery is on its way. May the period of convalescence be one of intelligent appraisal and formulation of sound program.

H. P. J.

Charles P. Taft on Local Government

This Cincinnati experiment has demonstrated the place of faith in politics as well as in other walks of life. There is one characteristic of Lincoln which is most impressive. It was his deepest conviction, which endured through the darkest periods of the Civil War, that the right ultimately would prevail. There is in this movement in Cincinnati the type of religious conviction which is not fanatical; which is not even ecstatic; which is hard-headed, and yet idealistic; a conviction, a faith that local good government is a possibility. When we attacked the old administration, we were said to be "knocking" our town. When we said that we expected to put in an economical, efficient, honest government, many were the business men who said it could not be done. And, with that feeling, they hedged. They refused to come out. In some cases they contributed to both sides. They never committed themselves in such a way that they could not withdraw if the public should change its mind.

But the faith of the few men who started this movement has been amply justified. The giant may loom large; he may seem overwhelming. The inertia of people is even more discouraging. And yet this group of Davids, for all their weakness, were able to overcome Goliath of the Machine, and to establish in Cincinnati and in Hamilton County good government conducted by honest men, with most of the same tools, most of the same employees and the same electorate with which the job had been done so badly by their predecessors. They proved that good government in American cities of substantial size is a possibility. — From *City Management, The Cincinnati Experiment,* Farrar & Rinehart, New York, 1933.



HEADLINES

In the fight to install the city manager system Tacoma, Washington, springs a brand new one. Instead of permitting the issue to go direct to the voters the political powers maneuvered a special plebiscite on the question, "Do you favor a special election to consider the city manager plan?" Then they loudly explained that to hold such a special election would cost the taxpayers $10,000. Strange to say, the proposal lost! Twelve thousand citizens were against spending that money and 8,000 favored it. The matter will come up again next year.

* * *

A study of the work of 296 justices in Michigan counties reveals that only twenty-one ever did any judicial business. *Judicial* business, that is. There is no record of their overlooking their political responsibilities.

* * *

Thirty-two townships in St. Louis County, Minnesota, are facing dissolution under a state law giving county boards authority to dissolve towns having a tax delinquency in excess of 70 per cent.

* * *

As one by-product of the better housing agitation, there are now 209 federal savings and loan associations. Florida, Arkansas, Indiana, and Illinois lead. The federal government agrees to invest up to $100,000 in preferred stock in the associations it sanctions, and offers to finance 1,000 of them on this basis.

* * *

Ohio appropriates $3,000,000 to finance old age pensions for the last six months of 1934. Having spent the money, the mere detail of raising it is all that remains. The legislature fearlessly attacks this problem by deferring consideration of special tax plans until after the date of adjournment.

* * *

Radio makes more strides forward as an arm of the public service. Chattanooga has a new police radio that prevents unauthorized persons from listening in. Police sanction is necessary to install it. Bayonne, New Jersey, develops a police radio system that enables occupants of police cars to talk directly to each other en route, instead of having to communicate by telephone through headquarters. The Federal Radio Commission now has licensed ninety-two cities, two counties and four states for police broadcasting systems. Eighteen cities, two counties and one state have applied for construction permits for proposed stations.

* * *

Des Moines reports inspiring success with its public forums. They drew a combined audience of 90,000 in one year. The forum meetings were of three types: neighborhood gatherings to discuss local problems, central gatherings for the serial discussion of public questions, and city-wide mass meetings that feature out-of-town speakers.

Vermont State Chamber of Commerce sponsors a state-wide competition on local town reports. For contest purposes the towns are divided into six population classes ranging from minus 1,000 to 5,000 plus. Competitive points include budget set-up, presentation of balance sheet and graphic display.

* * *

The new County Board of Supervisors of Henrico County, Virginia, wins an important supreme court ruling which authorizes the board to take over the county government forthwith. The board had been elected under Virginia's new county optional law. The validity of the law was questioned, but the court now rules that the legislature was within its rights in passing it. This removes one of Virginia's chief obstacles to installing the county manager system.

* * *

A "Survey of Housing Surveys" is under consideration by the National Association of Housing Officials.

* * *

New York legislature at last reaches a forthright decision about the urgent need for immediate county organization. The statesmen agree to give the matter immediate consideration—immediately next year, they mean, when a new legislature can take the responsibility. The Mastick Tax Revision Committee is instructed to report back not later than February 15, 1935, with recommendations for county and township reorganization. The matter has already been studied by numberless commissions for endless years, and has been the subject of constant newspaper discussion all winter. However, one year more will give the legislature a chance to find out what the rest of us know already.

* * *

From the Scranton, Pennsylvania, *Scrantonian,* which is much excited because a "well-dressed, talented and suave" stranger publicly advocated the city manager plan in its home town recently:

"It is apparent that these obviously well paid city manager agents are being backed by a syndicate that is prepared to furnish managers when desired. If laws could be enacted forcing inland municipalities to employ expert managers it would create a condition that would make the city manager schools as profitable as the Klu Klux Klan membership plan that it is alleged got the organization so much easy money about the country a few years ago."

Someone was sure to expose this racket sooner or later. Now, if they would only expose the method by which these agents get on the payroll! A lot of us could use a good suit of clothes.

* * *

Pennsylvania discovers that it is supporting 5,637 different units of local government, and promptly joins its voice to the nation-wide cry for reorganization.

* * *

Evanston, Ill., has been named winner of the second national traffic safety contest sponsored in 1933 by the National Safety Council. More than 300 American cities competed in this coast-to-coast highway safety competition.

* * *

A study made by the General Welfare Tax League shows that a sales tax which includes food, bears sixty times as heavily upon the $1,000 a year laborer as upon the man receiving a million-dollar-a-year income. If food is exempted, the tax is thirty-four times heavier upon the former than upon the latter, according to Harold S. Buttenheim in *New Jersey Municipalities.*

E. M. B.

Housing Under The New Deal

Citizen leadership needed if housing is to secure the attention it deserves

JOHN H. MILLAR

Federal Emergency Relief Administration

PROGRESS in housing under the "New Deal" has been largely of a preliminary sort to date. There has been practically no building, though there may be some this year. We are still a long way from arriving at any clear, generally accepted conclusions as to what and where to build. Even the term "housing" is a hazy one to most of us. It may mean a certain type of large apartment project or it may mean all kinds of residential building, depending upon how we like to look at it. In this discussion it is used in the latter sense.

Housing is our way of living. Progress in housing will measure our real progress to a more abundant life. If masses of the people continue to live in the unwholesome squalor that now exists, much of the "New Deal" talk will be only pious wishing.

The situation is this. We have made a lot more progress in supplying food, clothing, and transportation at low prices to the common people than we have in supplying them housing. Shelter commonly costs both rich and poor more than it should, with the burden upon the poor especially heavy. The shelter they get is often so bad that it is a positive menace to the community. It breeds disease and crime, and so adds to social costs and increases taxpayers' burdens, to say nothing of the unhappiness and misery that result.

All the milling around of the past months has been part of the painful process of formation of public opinion on a subject that heretofore has been generally regarded as one for individual rather than social action.

It is because so many of us now realize for the first time that the problem of housing is infinitely more complicated than building four walls and a roof for each family, that we are in all this fog about it now. Housing can't be properly conceived and built without knowledge about population trends, which we lack in large part. To do the job rightly, we need much more advanced city planning than we have had to date. We really need some sound land policies—but we don't have them.

Lacking such essentials as these about the best we can do is to pick out here and there some locations and say, "Well, if we did have more facts, and if we did have city plans worthy of the name, the chances are that this spot would be one where housing would be built. Therefore, let us start." And when we get to this point, we discover an entire lack of agreement as to what kind of housing should be built. We realize that there is as yet no crystallized public opinion to support any housing program, be it good or bad.

Housing activities are scattered all over the federal lot. PWA's housing division is generally regarded as the center. The failure of this agency to accomplish more is in part due to the fundamental difficulties already mentioned.

FEDERAL HOUSING EFFORTS

After some months of trying to promote limited dividend housing corporations, the housing division of PWA decided to go into business for itself. Accordingly, there was organized a Delaware corporation, named Public Works Emergency Housing Corporation, to build housing on its own account. One hundred million dollars was ear-marked for this corporation.

When Secretary Ickes sought to get some vouchers O.K.'ed to buy some options in Cleveland, preparatory to beginning operations there, Comptroller-General McCarl held them up, declaring the housing corporation unconstitutional. There the matter stood for weeks. Recently Attorney General Cummings has handed down an opinion which favors Mr. Ickes. It is quite likely that by the time this is printed the corporation may be operating. Evidently Mr. Ickes believes that it will go ahead, for in February he hired a general manager, Colonel H. B. Hackett of Chicago, the man who had charge of the actual construction on numerous large buildings in Chicago—Stevens Hotel, Palmer House, Daily News Building, Palmolive Building, Board of Trade.

DEMONSTRATION PROJECTS ONLY

It is realized that, even if operations can be launched on all fronts, the $100,000,000 available will do no more than build demonstration projects in a number of key cities. New York is slated for $25,000,000. Cleveland, where public opinion on housing is more advanced than in most places, will do well. Chicago, Detroit, Cincinnati, and Atlanta have been specifically mentioned as being on the list. There are others. The situation is sufficiently in a formative state, as yet, to leave the way open for any city to ask for federal housing. Most of them have done it.

A number of states have recently enacted legislation authorizing the setting up of housing authorities, a new type of governmental agency, more or less on the order of the Port of New York Authority. These agencies would have power to go into the housing business and presumably would be utilized by the federal corporation to operate its properties once they are built.

Ohio, New York, New Jersey, Michigan, and Maryland were the first states to provide for housing authorities. (These are quite different agencies from the state housing boards set up in thirteen states to regulate limited dividend housing corporations, mainly non-existent.)

PWA WORKING ON SLUM AREAS

While PWA housing division concentrates attention mainly on building housing in slum areas of big cities, two other agencies are doing interesting things in the subsistence homesteads field. One is the subsistence homesteads division of the Department of the Interior set up as a permanent and not an emergency agency, with a $25,000,000 revolving fund. Starting with projects in Reedsville, W. Va., and Dayton, Ohio, this division now has given its approval to a score or more of projects, scattered around the country. Some houses have been finished. Indications are that there will be an alert demand for one-family houses, of modern if modest type, which can be bought for twenty-five to thirty dollars a month. When a Youngstown sales office opened for business, for example, the rush of potential buyers almost overwhelmed the force.

Tennessee Valley Authority, too, is

actively planning and building housing of similar type. There is close coöperation between the subsistence homesteads division and TVA. Tupelo, Miss., first city to contract to buy power from Mr. Lilienthal of TVA, was rewarded by being picked as the site for a subsistence homesteads project.

HOME LOAN BOARD ACTIVE

Meanwhile, the Federal Home Loan Board is taking steps that may have considerable significance. It is lending aid to agencies that provide mortgage money. One phase of this work is the setting up of federal savings and loan associations in localities where local mortgage lending facilities are needed. A hundred million dollars was provided for subsidizing such associations. With this fund not more than $100,000 preferred stock can be bought in a new association that passes inspection. Thus, there is enough money to supply this aid to one thousand such organizations. As this is written, about a third of this number have been chartered or are in process of organization. These soundly conceived financing agencies are deserving of more attention than they have had to date. They are one of the few instances of setting up brand new financing agencies that are local and coöperative rather than national and paternalistic.

Indications are that large sums will be made available from the Federal Home Loan Board, through local lending agencies, for financing repair and modernization work this spring. This type of activity, too, deserves more attention than it has been getting. So far as making jobs is concerned, repair work will accomplish more for the money spent than will new construction, and will do it more quickly. The relation between repairs and building of new housing is much the same as the relation between civil works projects and the larger public works projects. The one is admirably adapted to employ men while the other is getting under way. It is to be regretted that rehabilitation of housing has not been aggressively pushed long before now. Had such been done, there would be less disappointment over the delays in new housing.

It will be necessary, before we really get very far in housing, to have more local leadership applied to the knotty problems involved. By its very nature housing is essentially a local problem. What the federal authorities are trying to do will amount to but little, unless local activity develops.

HOUSING UP TO THE LOCALITIES

More than any other emergency agency, CWA has thrown responsibility on localities. The results, in so far as they concern housing, are highly interesting and significant. In scores of places CWA workers dug up needed facts about local real estate and its use or misuse. And organized facts about present conditions are the raw material out of which intelligent plans are made, whether for housing or cities or regions.

In a few cities, as CWA went into the great decline that preceded its ending in name, and partial ending in fact, on April 1, belated projects were started to use CWA man power to demolish insanitary and useless structures—the actual beginning of slum clearance, meager though it has been to date.

CWA chieftains regret that they were not quicker to realize what a satisfactory project demolition can be. Instead of requiring purchase of materials, it produces them. The salvaged materials can be used to pay for trucks, liability insurance, superintendence by trained house wreckers, and other incidentals. This makes possible using 100 per cent of the government money for wages to labor.

With demolition having these possibilities, it appears likely that, as CWA evolves into a more modest program of local made work, demolition will find a permanent place.

The logic of events indicates that organized rehabilitation will follow. In the first place, the coming on the market of salvaged materials is itself a stimulant of repair work. With some of the materials needed for such repairs available at bargain prices, more people are going to undertake jobs.

A further interesting possibility is the use of relief labor to repair privately owned buildings where owners will agree to make payment in space which the same relief agencies will assign to needy families. This plan makes possible spending for wages money that would otherwise go for rent. It is too early to have any idea of the extent to which this may develop. Certain city officials see in the repair of buildings acquired by tax-forfeiture a chance to recoup tax losses. By using relief labor to do the work, and subsequently renting, in large part to the relief agencies, city authorities can turn properties unwillingly acquired into revenue producers.

CITIZENS' COUNCILS CAN HELP

A development in Chicago, prompted in part by the fact that CWA brought slum clearance down out of the clouds by simply saying, "Here are men to do it," is of particular interest to members of the National Municipal League, inasmuch as the action taken was patterned after the Citizens' Councils for Constructive Economy which the league has promoted.

In Chicago were many organizations all more or less interested in housing, each after its own fashion, just as there are in most cities many organizations each more or less interested in good government after its own fashion. To coordinate efforts, and get all parties working together, a Metropolitan Housing Council was organized. Indications are that it will be effective, for the same reasons that citizens' councils are.

Opportunity exists in cities where there are no central housing agencies for citizens' councils to serve as housing centers, or at least to take responsibility for seeing that such are set up. The basic idea of the central council applies equally well in either housing or constructive economy.

Citizen leadership is needed in housing. After all, the citizens are the ones that live in it. In proportion as the people get actively interested, there will really be housing of the right sort.

(Editor's Note: Within the time this was written and printed, Mr. Millar joined the staff of the Work Division of the Federal Emergency Relief Administration as assistant on special projects. He is now concerned with housing activities of that organization. Relief Administrator Harry L. Hopkins announced on March 23 that in the new work relief program which starts April 1 about 15 per cent of the man power is scheduled for use in housing, with emphasis first on demolition and repairs in lieu of rent, much as Mr. Millar outlines above. "This housing program is subject to extension," the Hopkins statement added.)

The Blue Grass State Reorganizes

Bills just signed mark real advances in spite of some obvious weaknesses

J. W. MANNING

University of Kentucky

For many years the state of Kentucky has resisted every effort to reorganize her antiquated administrative structure. Only the clamour for the reduction of the costs of state government has produced something definite in this regard. As a result the 1934 regular session of the general assembly passed two important measures. One consolidates the more than one hundred agencies of the state into sixteen administrative departments and seven independent agencies, reorganizing the entire administration so that the governor may be held responsible for the work of this arm of the government. The other, the Budget and Financial Administrative Act, provides for "an adequate, unified, and inter-related system of financial and business administration for the state government, embracing budgeting, accounting, pre-auditing, treasury administration, post-auditing, and fiscal reporting." Both bills have been signed by the Governor, to take effect July 1, 1934.

The 1932 session of the state legislature appropriated $150,000 for an audit of the state's books, but the governor made no move to employ auditors until mid-summer 1933. At that time he appointed a self-styled advisory council to study the organization of state government and report its recommendations to the 1934 general assembly.

Under this council's recommendations, Griffenhagen and Associates were employed to make an audit of the affairs of the state. The entire audit has not been completed and thus no information is available as to the cost of this undertaking. Suffice it to say, Griffenhagen reported on the audit of the state's general fund early in February, and along with this audit report drew a bill for the governor's advisory council, looking toward the reorganization of the state's administrative structure. This bill was presented to the general assembly then in session, but the measure which finally passed the legislature and which will go into effect on July 1 is in no sense of the word the recommendation of Griffenhagen and Associates. However, the Reorganization Act contains some of the suggestions made by these experts.

In brief the act sets up sixteen administrative departments and recognizes seven independent agencies. Eleven of the departments are under the direct control of the governor. In addition there are five departments headed by as many constitutional elective officers. The act also recognizes seven independent administrative agencies outside the reorganized structure.

An interesting feature of the act is the fact that it provides for an executive cabinet consisting of the governor, the secretary of state, the auditor, the attorney general, the chairman of the state highway commission, the superintendent of public instruction, the commissioner of agriculture, labor and statistics, the treasurer, the chairman of the state tax commission, the chairman of the department of public welfare, the commissioner of insurance, the commissioner of banking and insurance, and Adjutant General. This cabinet is to meet once a month with the governor and advise with him on problems of state. The governor will be the chairman of the executive cabinet.

GOVERNOR CONTROLS CABINET

Seven of the cabinet are elective officers and six are appointive. In other words the governor is able to control six members, since they are appointed by him, the vote of whom together with his own vote will give the governor control of the general administrative policies of the state. This is certainly as it should be, since it meets the important principle of executive responsibility in administration. It is interesting to observe that the lieutenant-governor is not included in the executive cabinet; however, he was included in the original bill. And he is the only elective officer, except the railroad commissioners, who is not named in the cabinet.

Among the appointive department heads, four were not included in the cabinet—the commissioner of health, the adjutant general, the state inspector and examiner who is designated as the executive officer of the department of finance and budgetary control, and the chief inspector of mines who is named as the head of the department of mines and minerals.

Under the new arrangement, the department of education is an interesting agency. The department is to consist of the state board of education and the superintendent of public instruction, and is to exercise all administrative functions of the state in relation to the management and control of the public common schools, of vocational education and rehabilitation, and of the state institutions of higher education for negroes. The university, the teacher's colleges, the school of the deaf, the school of the blind, with their governing boards, and the state textbook commission, as heretofore constituted, are deemed to be included within the department of education and to constitute parts thereof, but they are to continue to exercise all the functions conferred upon them by law in relation to their respective institutions. So far as the control of the department is concerned, we have an agency consisting of an elective officer not responsible to the governor and a board whose members serve for overlapping terms. If there were some possible method of eliminating an elective superintendent and substituting an appointive commissioner of education, this would probably be an ideal arrangement.

TWO EX-OFFICIO BOARDS

Among the departments presumably under the control of the governor there are two—finance and budgetary control and public property—which are headed by ex-officio boards. Under the new setup the department of finance and budgetary control will consist of the governor, the chairman of the state tax commission, the auditor, the state inspector and examiner, and the secretary of the executive cabinet. The governor is ex-officio chairman of the department, the secretary of the governor's executive cabinet is the secretary, and the inspector and examiner is the administrative officer of the department—a most peculiar and involved arrangement. As a matter of fact it is nothing more than a budget bureau and as such it should not be an unfortunate arrangement.

The department of public property consists of the governor, who is the chairman of the department, the auditor, the treasurer, the secretary of state, the attorney general, a member of the state highway commission, a member of the department of public welfare, the superintendent of parks, and the commissioner of purchases when designated and appointed by the governor. This department is simply a consolidation of the sinking fund commission, the printing commission, the Kentucky state park commission, the purchasing commission, and the custodian of buildings. The secretary of the executive cabinet and the department of finance and budgetary control is named as the secretary of the department of public property.

Out of the eleven departments directly under the control of the governor, only five are headed by single officers appointed by the governor, namely the department of mines and minerals, the military department, the department of health, the department of insurance, and the department of banking and securities. This demonstrated the extent to which it was apparently necessary to compromise recognized principles of administration with an existing situation.

THE BUDGET AND FINANCIAL ACT

The Budget and Financial Administrative Act recognizes the creation of a department of finance and budgetary control and provides additional duties for the state inspector and examiner, making him the state budget officer. Under the law all expenditures of the state must be authorized by the annual or biennial appropriation bill to be prepared by the governor, the budget officer, and the board of finance. Budget units are to be provided with special forms prepared by the budget officer.

The outstanding provisions of the new act are the following:

(1) The governor is to examine the budget report in process and the state budget officer is to provide him with every practical facility for familiarizing himself with its contents. He is to attend all budget hearings.

(2) The budget report must be transmitted to the house not later than the third Monday after the convening of general assembly in regular session.

(3) Capital outlay in excess of $10,000 must be approved by the department of finance.

(4) Capital outlays under $10,000 except for the state highway department must be approved by the governor.

(5) Heads of the budget units may appeal to the department of finance from the decision of the budget officer regarding allotments.

(6) The incurrence of obligations will be controlled by the system of commitment voucher duly examined and approved.

(7) Depository banks are to be approved by the department of finance on recommendation of the state treasurer.

(8) Post-auditing and pre-auditing of all funds and budget units will be provided at regular intervals.

(9) All warrants issued by the auditor must specify the fund against which they are drawn.

MANY CRITICISMS

Various opponents of the reorganization act and the budget and financial administration act have criticized both bills as "a jumble written by somebody who knows nothing of the principles of economic state government or who deliberately declined to write according to them." The reorganization bill has been described as "ripper legislation."

To prove this many point out that the bill contains some thirty-five pages of which about one-third are devoted to the reorganization of the insurance department and the bureau of fire prevention and rates. The bill takes the insurance functions from the office of the auditor of public accounts and gives them to the state treasurer, and then places the functions of the bureau of fire prevention and rates in a new insurance department headed by a commissioner appointed by the governor. In the bitter factional fight during the recent session of the legislature, the auditor refused to line up with the governor and his forces while the treasurer followed the leadership of the administration forces. Thus the reorganization bill rewarded the treasurer for his loyalty and took these important functions from the auditor as the reward for his disloyalty. Suffice it to say, the bill which passed did not follow the recommendations of Griffenhagen in regard to the insurance function. Griffenhagen recommended a department of banking and insurance but the administration forces who rewrote the orginal bill preferred a separate department of insurance, a separate department of banking and securities, and the transfer of the functions of the determination of insurance bonds to the office of treasurer.

CHANGES IN FORM, NOT SUBSTANCE

The bills have been criticized on the grounds that they provide no real reorganization. The purposes of the administration act as stated therein to provide "a uniform, integrated, and comprehensive plan of organization," have not been realized. While some agencies are merged, combined, or abolished, it may be stated that the changes are not likely to afford the slightest chances for economy, since the purported merges are made ineffectual in so many cases by provisions that agencies said to be merged are to continue as before. As an example of this the bill purports to merge the state board of veterinary examiners and the live stock sanitary board with the department of agriculture. But after stating that they shall be under the department, the act provides that each shall remain an "independent agency in the manner and form as now provided by law."

Critics of the bill point out that nowhere in it is there a clear summarized statement of the proposed set-up. The acts are also criticized on the ground that they fail to recognize distinctions among officers, managing boards, and departments as suggested. This is probably the most valid criticism that can be made of the acts. There are many examples of this failure; one or two will suffice. The commissioner of confederate pensions is named as head of a "division" in the military department, but nevertheless he continues with all his present duties and functions. The state highway commission is also continued without recognition of departmental status.

Undoubtedly there are some functions which according to the reorganization bills are given inappropriate allocations. An example of this is shown in the inclusion of the state library commission under the department of public property, the inclusion of state parks in the same department, and the administration of confederate pensions in the military department. It may be said that the bill really does violate the basic principle that similar functions should be grouped in the same department.

SCRAMBLED STATUS OF BOARDS

It is also said that there are numerous boards and commissions, some of them ex-officio, vested with complete administrative powers. Most of these boards and commissions which are recognized in the act were in existence before its passage and the act simply continues them either as independent agencies or as nominal parts of other agencies, while all their present powers are retained. As a corrolary to this criticism many opponents of the act state that there is an unworkable and absurd division of functions among unwieldy ex-officio boards of the old-style discredited type.

(Continued on Page 208)

Philadelphia's Bar Primary

How one machine-ridden city seeks to improve its judiciary by professional endorsement of candidates

F. L. REINHOLD

Swathmore College

THE increasing use of the bar primary as a device for electing judges indicates that it may become a permanent political institution, thus disposing of Bryce's indictment against the popular election of judges in the United States.

Philadelphia is the last of an imposing list of cities that are finding the bar primary a satisfactory method of raising the calibre of the bench. Chicago, Cleveland, Denver, Detroit, Duluth, Pittsburgh, San Francisco, Los Angeles, and St. Louis all have experimented with this device.

Philadelphia has profited by the experience of her predecessors, and has incorporated several new variations of her own. In November of 1932 the Bar Association authorized a bar primary in a by-law passed for the avowed purpose of making "available for the general public the collective judgments of lawyers through their Bar Association as to the qualifications of candidates for judicial offices."

To execute this purpose, an appointed committee prepared ballots and directions for distribution to all bona fide members of the association. Every effort was made to protect the secrecy of the ballot.

There were six municipal court vacancies and five common pleas vacancies to be filled in the fall of 1933. The bar primary subsequently centered upon these offices.

First of all, a ballot was circulated to ascertain the support enjoyed by sitting judges. The questionnaire for this purpose contained the following points:

1. Have you appeared before him (the sitting judge in question) in court?
2. Have you had other opportunities to judge his judicial qualifications?
3. Do you have confidence both in his personal and intellectual honesty?
4. Has he adequate legal ability?
5. Is he attentive and fair-minded?
6. Is he patient, courteous, and of a judicial temperament?
7. Do you regard him as an able judge?
8. Should he be recommended to the public for election?

The ballot and questionnaire were not signed but were sealed in an envelope provided for the purpose. However, in order to prevent a "stuffing of the ballot box"—evidently considered not beneath the dignity of lawyers—each sealed ballot had to be accompanied by a signed certificate witnessed by at least one other person. A firm of certified public accountants tallied the ballots. The outside envelope was opened and the certificate was checked against a qualified voter's list. The sealed ballots were then placed in receptacles and opened at a later date.

All together 1707 letters were mailed out and 920 votes were counted—11 of the ballots being discarded as imperfect.

The task of counting these ballots was not an easy one, since they contained a total of 64,488 separate marks.

As a result of this first ballot, the Bar Association indorsed seven of the sitting judges and rejected four. Incidentally, the unlucky four decided to run without the association's indorsement. All they had to do was to obtain two hundred signatures to a petition, whereupon they received a place on the official general primary ballot automatically. Nevertheless, the loss of the support of the Bar Association considerably lowered their prestige.

SECOND BALLOT CIRCULATED

If all of the sitting judges had been indorsed, it would have been unnecessary to conduct another bar primary. As it was, another batch of 1707 ballots was mailed out with an ultimate count of 879. The second questionnaire dealt with other possible candidates and differed but slightly from the first. It asked:

1. Do you have confidence in his intellectual as well as his personal honesty?
2. Has he adequate legal ability?
3. Has he a judicial temperament?
4. Is he diligent in dispatching business?
5. Is he courteous in his professional relations?

As a result of this second ballot, the Bar Association was able to nominate four new candidates to take the place of four of the sitting judges.

The cost of the primary was approximately $3456.00. This sum did not include the expenses of active campaigning for election after the municipal primary was over.

In brief, the Bar Association made three reports to the public.

1. The first report indorsed seven of the eleven sitting judges.
2. The second report indorsed four new candidates.
3. The third report presented the complete slate to the voters of Philadelphia.

This final recommendation took the form of a half-page, large, heavy-type advertisement.

ATTENTION VOTERS!
Vote the Bar Association Ticket
In the Interest of
an Honest, Independent,
Non-Partisan Judiciary.

THE
PHILADELPHIA BAR ASSOCIATION
Recommends
to the
Voters of Philadelphia
The Following Candidates For
Judicial Office
Mark (x) as Indicated Below

These candidates received the indorsement of the Philadelphia Bar Association as the result of a secret ballot taken to determine the fitness of sitting judges and candidates for judicial office. They are worthy of your support.

Philadelphia newspapers generally interested themselves in the fact that the Bar Association had entered into active politics for the first time. It was thought that the association might possibly have an eye to building up a considerable machine to wrest some spoils from the Vare machine and the Pinchot factions. Actually, a three-cornered fight did not develop because the Republican organization (the Vare machine) came out in favor of several of the Bar Association's candidates. This was confusing to the public, since it seemed to be an unholy alliance for unholy purposes. It is to the Association's credit that while glad to have the added support for its candidates, it was visibly embarrassed by its friendly enemy.

The association and the Vare machine had one thing in common, however—a decided distaste for Governor Pinchot. The bar said that it was driven to active participation in politics because, on the one hand, the governor consistently refused to recognize the association's recommendations for filling unexpired terms, and, on the other hand, because the Vare machine consistently secured the election of inferior henchmen to judicial posts.

ALLIANCE COMPLICATES ELECTION

Because of the alliance between the Republican organization and the Philadelphia Bar Association, the results of the election are not clearly defined. The support of the machine robbed the association's victory, such as it was, of much of its glory. Six of the eleven candidates backed by the association were elected, but it must be added in all fairness, that all of these were sitting judges and might easily have been reelected without the bar's support. Then, too, three of the four sitting judges who did not receive the Bar Association's indorsement were nevertheless returned. Furthermore, not one of the new candidates offered by the association was elected, though the most promising of these withdrew his nomination in order to run for a non-judicial office.

On the basis of these results, however, certain arguments may be made regarding the value of the bar primary.

1. Through it the public can learn the expert opinion of the bar concerning judicial candidates.
2. Since lawyers are in daily contact with the bench, judges should be courteous and coöperative with them; heretofore their irresponsibility has led to inexcusable domination of bench over bar.
3. The quality of the bench may be improved. Many able lawyers are unwilling to enter politics without the indorsement and support of the Bar Association.
4. The custom of returning sitting judges is vicious and should be broken.
5. The *esprit de corps* of the bar as a whole is increased.

Opposition to such a primary takes the following form:

1. Personal relations between bench and bar should not be enhanced as a means of gaining political support.
2. Sitting judges ought to be returned when they have done their work well. Under such circumstances it is a protection for a judge to know that his seat is safe.
3. A bare majority is a great hardship on candidates defeated within the Bar Association.
4. The bar primary may be only a gesture on the part of the Bar Association. It may not be followed by active participation.
5. The Bar Association is relatively a small group of the whole body of lawyers, since in Philadelphia only 1707 of 4200 practicing attorneys are qualified members of it.
6. The Bar Association should not participate in politics.
7. The expense is almost prohibitive.

SYSTEM WORKING ELSEWHERE

For a detailed description of the workings of the bar primary in municipalities other than Philadelphia, the reader is referred to an article by Professor Landis of the Harvard Law School in the *New York State Bar Association Bulletin* for April 1932.

In Chicago the bar primary is conceded to be successful in producing the election of supported candidates only where the Bar Association has been a deciding factor in a factional contest.

Cleveland has a very elaborate system with a heavy financial outlay. The bar primary has been extremely successful there, because it has not had to contend with a party machine.

The Denver Bar Association claims for it the advantage of making judges "more courteous to the bar and more successful in decisions." In that city the primary calls for two votes—the first reduces the candidates to twice the number of vacancies; the second reduces the number to one for each vacancy.

In Detroit the system has not been very successful—possibly because the bar does not follow its indorsement by active political campaigning but merely announces its slate in the newspapers.

Pittsburgh has used the system for a number of years.

Duluth started its bar primary in 1932, but it is still too novel to be pronounced successful or unsuccessful.

Because Philadelphia is a machine-ruled metropolis, and because the present governor is hostile to this particular city, the Bar Association primary here is hailed as a welcome move by city voters. Its results, therefore, ought not to be judged by the percentage of successful elections but by the more intangible evidence of a machine responding to pressure.

The fact remains that, good or bad, here is a new mechanism in the popular election of judges that is sufficiently widespread now to be formally recognized by students of political science throughout the country. Who knows but that the bar primary may develop into a bar election of all judges? Certain it is that the best method of electing judges has not yet been discovered. This device will bear consideration.

BLUE GRASS STATE

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Examples of this are the department of finance and budgetary control and the department of public property. As described above it would seem that the organization of these departments in no sense of the word guarantees direct responsibility since control over the departments is divided between a designated head and an ex-officio board.

In spite of all the alleged defects of these bills, it must be said that these acts are steps in the right direction. The chief merit of the measures is found in the fact that they do centralize greater responsibility over the administration in the hands of the governor and give him somthing more to do than grant pardons and issue colonel commissions. They tend to make him governor in fact as well as in theory, and this is an improvement over anything Kentucky has had previously.

There is one very important factor which many students of administration hoped would be included in the reorganization of the administration branch of the state, and this is conspicuously absent in these bills. Griffenhagen and Associates, in their report and recommendations to the governor's advisory council, recommended the introduction of a merit system in the state civil service, and pointed out that this was the chief method of effecting economies in state government. This proposal was not considered by the advisory council and was not even mentioned in the legislature when the council's recommendations were under consideration. In a politically-minded society the merit system is difficult of attainment and it may be said that neither Kentucky nor any other state will get beyond the primer in administration until the merit principle is adopted and given an opportunity to demonstrate its worth.

With the adoption of these reorganization measures, even with all their defects, Kentucky looks forward to a more efficient and more responsible administration. The possibilities of good and the possibilities of evil, as is true with any reorganization act, have been enlarged. Kentuckians hereafter will know where to place responsibility when anything goes wrong in the administration.

The Information Bureau In German Cities

American officials might learn much from German municipal reporting technique

CLARENCE E. RIDLEY

Executive Director
International City Managers' Association

As one of seventeen Fellows selected by the Oberlaender Trust of Philadelphia to study some phases of municipal administration in Germany in the summer of 1933, I selected as my main interest the municipal information bureau which is found in practically all of the larger German cities of more than 100,000 population and in many of the smaller cities.[1] A few cities had set up such an office before the war but the wider participation of the German people in public affairs under the republic greatly accelerated the creation of these information bureaus in order that the new-born interest of the people in municipal affairs might be fostered.

ORGANIZATION OF INFORMATION BUREAUS

With few exceptions the director of the bureau is appointed by and is responsible solely to the burgomaster. This intimate relationship with the administrative head of the city is strongly preferred by the bureau directors to any other method of control. As a rule the staffs are quite small. In Leipzig, for instance, in addition to the director, there was but one assistant and one stenographer. At Hanover where the bureau assumed more than the usual functions there was a staff of five.

The main object of the information bureau is to furnish news to the press but this is by no means the extent of its activities. Its duties are really twofold: first, servicing department heads, and second, servicing the public.

The service rendered department heads generally includes the following:

(1) Informing department heads relative to legislative enactments affecting their departments,

(2) Maintaining a clipping bureau of news notes and articles of particular interest to the several departments, sending them to department heads together with comments and suggestions,

(3) Refuting unfair attacks on municipal officials,

(4) Editing and preparing for the press news items concerning departmental activities,

(5) Initiating news items concerning departmental matters,

(6) Coöperating with the various departments in putting on special exhibits,

(7) Editing and publishing departmental bulletins.

The service of the bureau to the public consists of reporting matters of general interest to the public by means of the daily press, arranging radio broadcasts, and furnishing speakers for civic and other group meetings. Contact with the press is maintained through press conferences, special interviews, and by furnishing copy which the press is at liberty to publish and comment on as it sees fit.

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[1] Cities visited and populations were: Hamburg (1,160,000), Leipzig (700,000), Hanover (450,000), Konigsberg (300,000), Free City of Danzig (230,000), Coblence (60,000), Schneidermuhl (43,000), and Marienburg (25,000).

ATTITUDE OF THE PRESS

A private interview with the representatives of eight newspapers in Hanover disclosed that there was absolutely no feeling that the slightest censorship was being exercised over city hall news nor that the reporting bureau was attempting in any way to maintain the present regime in office by "coloring" the releases.

The success of the information bureau in German cities has been due very largely to the high calibre of the heads of these bureaus. Without exception I found them to be men of exceptional attainments receiving salaries comparable to those paid other department heads. There exists some difference of opinion among the officials themselves as to whether training in journalism is preferable to experience in the administrative service or vice versa. It would seem essential, however, that the director should be thoroughly acquainted with the administrative service and that he have a broad background in economics and public administration. It is refreshingly true that the prestige of the position has attracted to the office a group of exceptionally well-qualified men.

CONCLUSIONS

The German official is far ahead of the American administrator in appreciating the need for public education in a democracy where periodically the people are called upon either to return or retire its official family. In thorough German manner they have set up the machinery to keep the public constantly informed and I do not intend to do the movement an injustice by making the observation that the cities are not realizing upon the full possibilities of this unique and valuable institution.

For example, it was disappointing to learn that the bureaus do not issue timely bulletins, covering some important phase of the government, for distribution to the public and press. Another disappointment was that they do not compile and publish an attractive monthly, quarterly, or annual report for popular consumption, such as is being done so well in a dozen or more American cities even without the stimulus of a special agency to do the task. However, this need for special bulletins and annual reports is to some extent met by the German newspapers which carry a large amount of municipal information originating from the municipal information office and the average German is accustomed to "study" these often rather heavy articles on city business.

COÖRDINATION NEEDED

I was disappointed, too, in the seeming lack of coördination between the information bureau and the statistical bureau—another agency entirely novel to American cities and which collects and compiles almost every conceivable type of statistics from the movement of populations from one part of the city to another, to markets, prices, and consumption. In but one city, Coblence, did I find these closely related offices combined. The main reason for such a separation was that the statistical bureau required a statistician as its head and that in some cities it is in charge of the registration of voters and supervises the conduct of general elections.

Even so I am convinced that they should be combined and thus set up an agency that would at once not only collect the information, but could also collate, interpret, and disseminate it while it was timely and of current in-

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A Missouri County Wants a New Deal

How a weak county system piles up local costs

JOSEPH H. GRAND *Formerly City Attorney, University City, Mo.*

St. Louis County, Mo., furnishes an instructive example of President Roosevelt's recent commentaries on "oxcart government" in American community life. It illustrates also the opportunities at home for taxpayers to make government less burdensome and expensive.

According to the 1920 federal census the population of St. Louis County was about 100,000. In 1930 the population of the county had grown to 211,000, with almost half of it concentrated in a district divided into fifteen incorporated cities or towns bordering the city of St. Louis on the west. Approximately 67,000 of the inhabitants of the county live in six of the larger municipalities, namely, University City, Clayton, Kirkwood, Webster Groves, Maplewood, and Richmond Heights.

The growth in population of St. Louis County is attributable largely to the migration of erstwhile residents of the city of St. Louis, the great majority of whom have retained their business connections or employment in the city of St. Louis. With the exception of neighborhood business districts, most of the development has consisted of the building of homes and apartments. There has been comparatively little, if any, development of industrial sections, so that the burden of taxation falls largely upon the home and the flat or apartment owner.

To all intents and purposes the district comprising the fifteen small municipalities is one community. The same general class of people live in each of them and the district is just as much urban as any of the residential districts which are part of the city of St. Louis. The major traffic arteries running through the district link the cities and towns into one unit. Yet three or four of the municipalities each have jurisdiction of a part of a road. Big Bend Road, for instance, runs through University City, Richmond Heights, Clayton, Maplewood, and Webster Groves; the Hanley Road runs through University City, Clayton, and Richmond Heights; part of the Clayton Road is in Richmond Heights and part of it is in Clayton. As a matter of fact, motorists who are apt to violate traffic ordinances have the choice of paying a fine either in Clayton or in Richmond Heights, depending upon whether they are driving on the north or the south side of the road at the time they are apprehended.

The population and the improvements in the district are generally so dense that it is not difficult to find houses and apartments part of which are in one city and part in another. Not only strangers, but most of the inhabitants themselves would be unable to tell where the limits of their respective cities end and those of the neighboring town begin. The public utilities serving the district disregard the political boundaries altogether. It is undeniable that the people of the district have a common interest in the problems of major streets and highways, transportation, trunk line sewers, health and sanitation, city planning and zoning, police and fire protection, public utility rates and service. Nevertheless, each of the municipalities is a distinct and separate entity. Each has its own set of officials, each has its own mayor, its own engineers and their assistants, its own chief of police, its own fire chief and fire department, its police judge, its own inspectors, collector, and city clerk.

HOW THE PAY-ROLLS GREW

With but few exceptions the administrative officials of each of the towns serve but part time; and in most of them meetings of the municipal assembly are held in the evenings once a week or once every two weeks. Each of the larger cities has its own school board and here and there a board of park commissioners. Each of the municipalities and each of the school boards assess, collect, and disburse taxes independently of one another; and the school boards are entirely independent of the municipal government of the cities in which they are located. Whatever coöperation there is between these many units of government is wholly voluntary, since the statutes of the state provide no method for joint action upon common problems.

There has been little, if any, change in the county system of government in the last decade. The affairs of the county generally are still being administered by the county court consisting of three judges, and there are, of course, the county engineer, county clerk, county collector, county assessor, the sheriff, the constables, and the justices of the peace, whose salaries come out of the general revenue fund of the county, to which taxpayers in the incorporated districts make substantial contribution. There are several reasons why so many units of government have sprung up in this district, but it is fair to say that the principal one is the fact that the county form of government, designed many years ago for a strictly rural community, is wholly and entirely inadequate to the needs of a district which is urban in every respect; and it may safely be said that unless some change is made in the law or in the system of county government so as to bring it in line with present day needs, the units of government in St. Louis County will multiply and increase with the growth of population in the county.

Now, what has all this meant to the taxpayers of the district? An examination of the reports of expenditures for 1932 by six of the largest of these units and a comparison of these expenditures with those made by larger municipalities for similar or like functions clearly show that the multiplicity of independent units of government in a district which to all intents and purposes is one community is quite expensive.

SWOLLEN COSTS

The cities of Clayton, University City, Richmond Heights, Kirkwood, Maplewood, and Webster Groves had a population, according to the federal census of 1930, of approximately 67,000 inhabitants. In 1932 the taxpayers of these six municipalities paid to the six mayors $11,200.00 in salary. Some of the mayors have secretaries and some are allowed a contingent fund which is an additional charge upon the general revenue. The number of aldermen or councilmen in each of the cities varies from two councilmen in Richmond Heights, which was reported as having a population of 9,100 in 1930, to ten aldermen in Clayton, whose population was officially reported at approximately 9,600. The total amount paid aldermen and councilmen was $23,000.00. The six chiefs of police received salaries aggregating the amount of approximately $17,000.00, exclusive of allowances for the use of automobiles which is the practice in some of the towns. The six city attorneys, who devote only part of their time to their official duties, were paid $12,000.00 and the six police judges were paid about $5,000.00, the salaries ranging from $360.00 per annum in Kirkwood to about $1,700.00 in University City.

Each of the cities, of course, has its own city clerk and collector, although in one or two of them the offices of collector and city clerk are combined into one. The amount paid in the year 1932 to collectors and city clerks was approximately $29,000.00. The assessment upon real estate in this district for the year 1932 was about $115,000,000.00, and real estate taxes, of course, furnish the largest source of revenue.

A FEW COMPARISONS

Now, compare the sum paid to the mayors of the six cities by this district of 67,000 inhabitants and $115,000,000.00 valuation to the amount expended by larger communities for the services of trained executives.

The city of Flint, Michigan, with a population of 156,400, paid its city manager the sum of $5,500.00 per annum;

The city of Dayton, Ohio, with a population in excess of 200,000 inhabitants, paid its city manager $9,600.00;

The city of Berkeley, California, with a population of 82,000, paid its city manager $10,000.00;

The city of Miami, Florida, with a population of 110,000, paid its city manager $4,000.00;

The city of Rochester, New York, with a population of 328,000, paid its city manager the sum of $10,000.00.

The city of St. Louis, with a population of 800,000 and a real estate assessment of $1,250,000,000.00, appropriated for the year beginning April 11, 1933, and ending April 9, 1934, the total sum of $57,060.00 for the salaries of its mayor and twenty-eight aldermen, as against an expenditure of approximately $34,000.00 for the pay of the mayors and members of the board of council of the six cities mentioned whose total population is 67,000 and whose total real estate assessment is $115,000,000.00.

The city of St. Louis has two police court judges who have jurisdiction over violations of city ordinances. By ordinance the salary of each of them is fixed at $3,000.00 per annum. The six police judges in University City, Clayton, Richmond Heights, Maplewood, Kirkwood, and Webster Groves received an aggregate salary of $5,100.00 for the year 1932, although it is quite certain that the number of cases brought before the six police judges was only a fraction of those that were brought in the city courts of the city of St. Louis.

Many other interesting comparisons can be made and they will all establish the proposition that multiplicity of small "layers of government" is an expensive luxury. Furthermore, anyone who knows how well intentioned the various officials of the respective cities under discussion are, will understand that the fault is not with them but rather with the system.

THE COUNTY WANTS ITS SHARE

In addition to the cost of maintaining their respective local governments, the taxpayers in this district make substantial contribution toward the support and maintenance of the county government. The taxpayers of the six incorporated towns in 1932 contributed approximately $400,000.00 to the general revenue fund of the county, excluding the assessment made against them for the payment of service charges and principal of the county's bond issues, and exclusive also of the percentage retained by the county out of the assessment and collection of a tax of twenty-five cents on each hundred dollars' assessed valuation for road and bridge purposes.

The general officers of the county render little or no service in the incorporated territories. The county court, consisting of three judges who receive approximately $15,000.00 per annum, concerns itself mostly with looking after problems in the unincorporated areas of the county. The sheriff and constables, though they do police duty along with the service of papers in civil actions, confine most of their activities as peace officers to districts outside of the limits of the various cities, so that for police protection these cities in 1932 paid in the aggregate for the personnel and equipment of their police departments the sum of about $121,000.00.

The county does not furnish any fire protection and the county engineer and his department, as well as the clerk of the county court and his assistants, limit their activities largely to matters and problems of no direct interest or concern to the taxpayers in the incorporated cities and towns of the county.

That a tremendous saving in the cost of administrative officials can be had by consolidation and by delegation of some of the functions to one central organization seems to be obvious. Such consolidation and centralization would not only result in a saving of administrative costs through a reduction of the personnel of officials and subordinates, but would also reduce the costs through savings on central purchasing and would eliminate the overlapping of function and duplication of effort and service.

Attempts to consolidate the city of St. Louis with the county of St. Louis and to provide a system of government for the densely populated district of the county which would fit its character as an urban community have failed. Just what system is most desirable is a matter for decision by experts after careful examination of all of the facts. It may be that some form of county government which will make for centralization of authority in one central body and which will be fairly representative and flexible enough so as to provide all of the services required by the urban district as well as that portion of the county which may still be considered suburban, will solve the problem. At any rate, there is here in our own backyard just as great an opportunity for relief of the taxpayer as there is in Washington.

THE INFORMATION BUREAU IN GERMAN CITIES

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terest. As it is, all these valuable data come out some time after the close of the year in a compendium of tables seemingly unrelated and certainly uninteresting. It would seem therefore that German cities could realize greater benefits from these two separate agencies if they were combined and if more attention were given to keeping the public informed on current municipal developments and problems.

I believe that the American public official, generally indifferent toward reporting to the public he serves, has much to learn from the techniques employed by the German municipal information bureaus. Through continuous and adequate reporting to the public in any city much of the misunderstanding about government can be removed, many of the difficulties of administration overcome, and that essential goodwill obtained which makes the public more willing to "foot the bill." I am sure the need for more adequate public reporting will some day be as widely appreciated in this country as it is in Germany, and may that day be hastened.

The Strangling Net of Special Rates

Most special rates should be eliminated if intelligent budgeting is to exist

KIRK H. PORTER

State University of Iowa

THE practice of fixing special rates for specific purposes probably is just as old as local government. Three hundred years ago, when our institutions of local self-government were being established in the New England colonies, this method of dealing with local finance was very much in evidence. Gathered together in town meeting it was the custom to determine how much the school master should be paid for the ensuing year (a very little!) and then to impose a "rate" to yield that amount. The same would be done for the purpose of maintaining the town hall, or the church, or to pay the town drummer, or the testers of beer. Thus at the very time of deciding to make an appropriation, adequate revenue would be guaranteed by fixing a particular rate for each service. This was very simple and naive; but it was also thoroughly sound, conservative, and altogether wholesome and safe. We may well yearn for those good old days of simple public finance.

However, we need not be any too thankful for the system which grew out of this practice and has persisted into modern times. The idea of having special rates has been exploited to an astonishing degree and the system must share much of the blame for the difficulties of local government today.

During the early period of each state's life as a new state, or during the territorial period immediately preceding, the legislature would authorize county authorities to levy a certain maximum rate on all taxable property within their jurisdiction for "general" purposes. In addition they would grant power to levy one or two "special" rates, usually expressed in mills, for some specified purposes. Here lies the beginning of the procession of special rates that has appeared in so many states.

Soon the costs of maintaining county government increase a little bit. County authorities find the resources available under the rate for general purposes inadequate. An obvious way of relief is to get the legislature to authorize a "special" rate for some particular service that is, at the time, being financed out of the general fund. Suppose it be the care of the poor, or the building of highways, or the maintenance of the court. Pressure is brought to bear and the legislature authorizes a special rate of so many mills for highway maintenance. Under the rule of uniformity every county is authorized to apply this special rate, thus creating a special fund for the specified purpose. The general fund is thereby relieved a little and time goes on.

Pressure is constant, if not heavy—some counties always agitating and nagging for new rates. In addition to rates for highways come rates for poor relief, for court expense, and for other vital purposes, all in course of time. But the pressure never relaxes, always there are *some* counties that are short in *some* funds. Inevitably they agitate for relief, and the list of special rates steadily grows, every county being allowed to levy each new rate although it may have been desperately needed by only a few.

SPECIAL RATES MULTIPLY

The pressure still continues. Certain funds prove to be wholly inadequate for some counties, and the idea is born of breaking up, or of splitting funds and producing two or more rates where formerly there was only one. Thus the rate for highways is divided, and we have a millage rate allowed for road *construction,* and another rate for *maintenance.* Bridges seem to be a burden, so the highway funds are relieved of bridges and a special rate is authorized for them. The rate for poor relief can easily be divided, and soon there appears one rate for maintaining the poor farm and another for outside relief. Then comes another millage rate to care for orphans. Thus the old rates are divided up and the list of special rates steadily grows.

Enthusiastic public-spirited people see new opportunities and special interest groups appear. A demand comes for a county library service. The county authorities are obdurate; a library cannot be financed out of the general fund. So the legislature is prevailed upon to authorize a tiny special rate for libraries and thus libraries come to pass. People are dissatisfied with the rundown appearance of rural cemeteries. Strong appeals in course of time produce a special rate for cemeteries. Then come new rates to provide special funds for the care of old soldiers. Another is needed to finance the new and laudable widows' pension program; or perhaps a new and thoroughly admirable health unit scheme must have its special rate and special fund. Indeed a very important point in this connection is that each of these services is in itself altogether splendid and can stand on its own merits. No wonder legislatures are convinced when sincere and earnest people plead with them for health units, for widows' pensions, for old soldiers, and for orphans. And it should be borne in mind that it is no one legislature that grants them all. The list of special rates may grow slowly, but it steadily tends to grow.

There are some very insidious forces always at work. They are not necessarily evil in motive, but they produce evil results. Advocates of special rates are rarely willing to have the "general" rate increased a trifle in order to make their particular service possible. They lack confidence in the local authorities. They want the particular service positively guaranteed, so that a definite fund will surely be available which cannot be diverted for other purposes. With the best intentions in the world they want to make absolutely certain of their own pet project. Thus they want the rate to be mandatory and are much gratified when this is done. Hence these well-meaning, progressive people are themselves largely responsible for the procession of special rates. Local officials rarely object, indeed many times they themselves agitate for mandatory special rates. Such rates serve to relieve existing funds, and furthermore relieve the officials of all responsibility—they can blame the tax on the legislature.

VICIOUS CIRCLE DEVELOPS

But the most insidious evil of all lies in the simple fact that no given rate for a particular service can possibly be a suitable rate for that service in every county. *Some* counties are sure to find *some* rates inadequate for *some* purposes. Take bridges, for instance. How absurd to assume that a given rate levied in each of a hundred counties will yield a suitable sum with which to construct bridges! Counties need bridges in proportion to the number of streams that need to be crossed; and the cost will vary as to the engineering difficulties. Counties of equal population, or of equal taxable value, may have very different needs. One may need five times as much for bridges as the other—and properly so. For some counties the uniform rate will be about right. Some counties will have a surplus in that particular fund, some will not have enough. And it is from those counties that run short on certain funds that people come and agitate insistently for more and higher rates. Of course they are quite justified.

So it is with the funds created for other purposes. Always there are *some* counties in which a given rate is inadequate for *some* service. And always they are at the door of the legislature asking for relief. They are not spendthrifts—they are victims of a system. Thus the legislature is always surrounded with these people, all of whom have a genuine grievance. No wonder that legislatures succumb, and the procession of rates goes on. The system itself has within it these features which are sure to make for trouble.

SYSTEM NOT FLEXIBLE

Comes time of stress! Government expenditures *must* be reduced. Taxpayers' leagues come down upon the local officials. But the officials are caught in this strangling net of special rates. The mandatory rates cannot be touched. But if any of the rates are optional the authorities have a chance. Woe be to any service sustained by nothing more substantial than an optional rate! The authorities slash that service mercilessly. In desperation they cut "general" office expenses to a level far below reasonable efficiency. Salaries of the unhappy employees are cut ruthlessly. Caught in this strangling net of special rates local authorities are unable to use their available resources wisely, budgeting becomes a farce, they slash where they can, let the chips fall where they may.

On to the legislature! If local authorities are hampered by this strangling net of special rates, the legislature must give relief! The legislature, earnestly desirous of reducing local costs, turns to these rates. Some particular rate is mentioned as one that can be reduced or abolished. Instantly loud protests come from those counties where that particular rate is already woefully inadequate, or from those people especially interested in the particular service involved. The legislature backs off; then in a gingerly way touches another rate—instantly another protest from other quarters! Everybody wants to reduce expenses, but mention any one rate and violent protest is immediately aroused. And these protests are all the more effective because they are honest, and justified. Those counties which protest *do* find certain rates too low. Of course they protest. In a word, the legislature itself is caught in this strangling net which has been woven through a period of half a century or more.

UNIFORM RATES IMPOSSIBLE

Thoughtless people run forward with statistics. Per capita statistical data pours forth in volume. It is shown beyond possibility of doubt—figures do not lie—that per capita cost of poor relief in county A is ever so much higher than per capita cost of poor relief in county B. As if a colony of millionaires would need to spend as much for poor relief as a district populated by an equal number of wretched coal miners! It is shown that per capita costs of highway construction vary tremendously, and those counties having the highest per capita cost are held up to scorn. As if population had much to do with the cost of building a highway! One might as well solemnly estimate highway costs per squirrel! No uniform rule can possibly be fair to all.

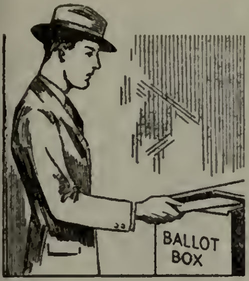
Finding it next to impossible to accomplish anything by striking at particular rates, the legislature in desperation is likely to be driven to some sort of uniform, horizontal cut in all rates, in all taxing areas. This can be done without charges of favoritism; and the violent, intensive protests of the various groups are lost in a universal sigh of resignation. Every taxing area is ordered to reduce every rate by a certain per cent. Exemptions usually are afforded, to take care of bonded indebtedness, and to afford relief in case of unusual circumstances.

SLASHES OF RATES UNFAIR

No sooner does the horizontal slash go into effect than troubles begin to appear. Obviously, *certain* services in *certain* counties that were barely surviving under the existing rate are likely to be wrecked. But the grim irony of the horizontal cut always lies in the fact that it hurts worst those who have been doing best. The point could be illustrated in the case of a factory having a number of departments. The management cuts every department by exactly the same per cent. Not only may some absolutely vital department be wrecked, but those departments which have been managed wastefully and extravagantly can mend their ways and absorb the cut very easily. Those departments that have been well managed and were making every dollar count, are grievously injured. The horizontal, uniform cut always puts a premium on past wastefulness and imposes severe penalties on good management. And yet, uniform, horizontal cuts are usually defended on the ground that they are absolutely fair and play no favorites!

Thus it is apparent that the system of special rates has brought us to a sorry pass. Its evils can be summarized briefly: 1. It inevitably breeds an insiduous, constant, never-ceasing agitation for higher rates, for splitting rates, and for new rates. This urging comes from perfectly honest and sincere people and is thus all the more formidable. 2. It ultimately leaves local authorities tangled in a net, with most of their revenues ear-marked, and themselves unable to budget their resources wisely. 3. It puts the legislature in a very awkward position and leads them in desperation to apply remedies that work grave injustice and do not remedy the basic evil.

This last point is perhaps the most important one. It is the system that needs to be corrected. Horizontal slashing will not touch the evils inherent in the system. The real remedy lies in greatly reducing the number of special rates. Certain rates may be so important that they should remain. But most of them could go. It would mean, of course, that the rate for "general" purposes would have to be considerably increased. This would produce revenues out of which the local authorities would undertake to finance county services. It would then be possible to budget resources intelligently. Fear would be aroused that corrupt or stupid local officers would unduly curtail or abandon important services, or that they would squander large portions of their revenue on unimportant undertakings. That such a change in the system would greatly increase their power cannot be denied, that it would lead to more and greater abuses than are now practiced is open to question. Certainly, to cut this net of rates would open the way to intelligent budgeting, a thing that cannot be done so long as the net remains intact.



PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

Continuing the Proportional Representation Review

Proportional representation ("P. R.") is a method of electing representative bodies which assures any group of voters the same share of the members elected that it has of the votes cast. It is designed to guarantee majority rule and minority representation. In its best form (the "Hare system") it makes primaries unnecessary and keeps scattering votes from being wasted by means of a preferential ballot. It thus makes impossible the domination of organized political minorities.

President Roosevelt Backs the Lea Amendment.—Newspaper dispatches of March 27 brought the significant news that President Roosevelt has declared openly for the Lea constitutional amendment. This amendment, as previously explained in these columns, does away with personal presidential electors and divides the electoral votes of each state among the presidential candidates in exact proportion to their popular votes within the state. The sponsor of the amendment is Congressman Clarence F. Lea of California, chairman of the House Democratic caucus, who is a member of the Council of the Proportional Representation League.

The President's support was announced in a statement to the House Rules Committee by Representative Jeffers of Alabama, chairman of the House Committee on the Election of President, Vice-President, and Representatives in Congress, which reported the amendment to the House with a unanimously favorable recommendation. The amendment is now on the calendar and needs only the granting of a rule by the Rules Committee to bring it to a vote.

Senator Norris of Nebraska recently introduced a similar constitutional amendment in the Senate. The Senate Judiciary Committee reported it, however, with amendments which would eliminate the proportional feature entirely, leaving it merely a measure to substitute electoral votes for personal electors, with the whole electoral vote of each state going to the plurality candidate as at present. The President's support of the proportional principle has been hoped for as a means of securing agreement between the two houses on the original form.

In announcing this support Representative Jeffers told the House Rules Committee that he had discussed the Lea-Norris amendment with the President and added, according to the *Associated Press:*

"I was authorized to say that he thought the principle of the proposition was sound and good and that he would be glad to see this proposition put through at this session of Congress."

Among the many advantages urged for the amendment are:

1. It would make much less likely the election of a president with less popular support than his principal rival, which has happened three times already.
2. It would make votes count for president wherever they are cast. At present a vote at the polls has no effect on the electoral vote unless cast for the plurality candidate within the state.
3. It would thus arouse interest even in the "sure" states and make candidates from such states available for nomination.
4. It would remove the tremendous

> incentives to corruption and the concentration of legitimate efforts in the few large doubtful states which now usually determine the issue.

In urging support for the amendment the New York *World-Telegram* said editorially on March 7:

> The American people at present are so well satisfied with the man they elected President it may seem scarcely an opportune time to fix their attention on weaknesses of the election system.
>
> Yet the job of modernizing election laws must be done, if it is ever done, while a liberal is President of the United States. That is why a group in Congress who have worked for years to bring about this change are working harder than ever at this session.

Congressman Lea suggests that immediate supporting letters to Representatives and Senators, addressed to the House or Senate Office Bldg., Washington, D. C., would be helpful. He would be glad to receive copies of letters sent. The amendment is known as House Joint Resolution No. 136.

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Court Decision Blocks P. R. —Manager Vote in Seattle.—In the summer of 1933 a City Manager Charter Amendment Club was formed in Seattle, with Mr. Robert Faris as chairman, Mr. Oliver T. Erickson as secretary, and with an executive board consisting of many of the prominent citizens of the city. A group of attorneys and other persons interested in the city manager plan had been working for several months prior in the preparation of a charter amendment. The proposed charter amendment provided for a council of nine, elected by proportional representation, and a city manager.

By December, some 13,000 signatures had been secured to the petition, approximately 10,000 valid signatures being necessary to put it on the ballot. When the petition was submitted to the council, that body asked for an opinion from the corporation counsel as to its legality. The corporation counsel replied in an opinion holding that the amendment was not in accordance with the state law governing the submission of initiative amendments, in that, first, it was a revision of the city charter and not an amendment, and second, it contained unrelated subjects. The council, acting upon this opinion, refused to place the amendment on the ballot, or to have the petitions checked by the city comptroller.

The Charter Amendment Club petitioned the Superior Court of King County for a writ of mandamus to order the election commissioners to place the amendment upon the ballot. The court denied the petition, holding that the proposed amendment was contrary to the provision of the state law governing initiative amendments on the ground that proportional representation and the city manager plan were unrelated subjects. Judge Macfarlane pointed out that the state law provides for the submission by initiative of "a specified charter amendment", and cited decisions of the Supreme Court to the effect that distinct and unrelated propositions could not be submitted as one. He went on to hold that any proposition, however broad it may be, and however many sections of the charter it may amend, may be submitted, nevertheless, as an initiative amendment, provided it deals with related parts of the same subject or plan. The court did not pass upon the question of the constitutionality of proportional representation.

In holding that proportional representation was not an essential part of the city manager plan, the court made the following statement:

> Concededly the method of proportional voting is not *necessary* to the city manager plan. Proportional voting can be detached from the plan and it still is a workable unified whole with all administrative authority properly centralized. The Hare system of voting is equally applicable to any form of government; it is not incidental or peculiar to any particular form. It is equally usable in the mayor-council form, and the advantages claimed for it are obtained in a mayor-council form of government in like manner as in a council-manager form. It belongs no more to a city manager plan than it does to a mayor-council plan, or to a commission plan.

The way is still open for the submission of a city manager plan and proportional representation to the voters, but as separate amendments. The ruling of the Judge in this particular case did not pass definitely upon the legality of such amendments, but a reading of the opinion would lead one to believe that had two amendments been submitted, one on proportional representation and one on the city manager plan, they would have been held valid.

Just how the movement for the manager plan and proportional representation will be carried on in Seattle is not yet certain. It is possible that efforts will be made to revise the amendment, and submit it as two separate propositions at the municipal election a year hence. On the other hand, an effort will probably be made in the next legislature to secure the necessary amendment to the state law legalizing the submission of a manager plan and proportional representation.

JOSEPH P. HARRIS

University of Washington

New York City Looks Toward Representative Government

An Address Delivered in the "You and Your Government" radio series, February 20, 1934, by the editor of this department, who is now Secretary of the Citizens Union of the City of New York

Tonight's broadcast has been aptly entitled "New York City Blazes the Trail." Within six short weeks legislation has been secured and a housing authority appointed for the most momentous attack on slum conditions in the history of the United States, the city's divided park departments have been consolidated under one efficient head, central purchasing has been initiated under the nation's foremost authority on municipal purchasing methods, unspeakable conditions of degradation and gangster control have been brought to light and largely corrected in the city prison on Welfare Island, an energetic drive against racketeering has been launched on all fronts, politicians have been ousted from control of the Tri-Borough Bridge Authority which they were using as a patronage mill, a serious taxi strike has been settled with steps taken toward setting up a taxi code, and in countless less spectacular ways the city has already been given a new deal. I do not think any civic worker or public-spirited citizen can regard most of the group of men and women with whom Mayor LaGuardia has surrounded himself with less than sincere enthusiasm. Several of the group you will have the opportunity of meeting over the radio at this hour each Tuesday for the next three weeks.

But the most encouraging part of the new picture is that the mayor and his associates are building for the future. The revision of New York's outworn city charter is not to be lost sight of in the urgency of immediate tasks. Reform administrations have come and gone, leaving the structure of government unchanged and little more than a savory memory behind them. This administration knows better.

I shall confine my remarks tonight to the particular aspect of charter revision which seems to me most important—a change in the method of election which will make any future relapse into complete domination by political spoilsmen forever impossible. The change is known as proportional representation, because it assures to every group of voters representation in proportion to its voting strength. This method was recommended by the last New York City charter commission in 1922 and is now being strongly urged by Judge Seabury and other civic leaders. The proposal is to apply it to a single-chamber legislative body for the city as has been done with such strikingly good results in Cincinnati.

Considered as a representative body the present board of estimate is obviously lopsided in favor of the administration and the board of aldermen lopsided against it. Since the latter fault is the more serious as things stand today, I want to give some of the evidence in regard to it. Though this evidence comes from New York City, you will have no trouble in duplicating it in any city in the land where the old-fashioned methods of election are still in vogue.

A DISTORTED BOARD OF ALDERMEN

In last fall's aldermanic election the Democratic and Recovery parties together polled 53 per cent of the votes—a bare majority. They elected 75 per cent of the members.

In Brooklyn the candidates endorsed by the Democratic organization polled 49 per cent of the votes—not quite half. They secured 92 per cent of the Brooklyn delegation.

In Staten Island the luck of the electoral gamble happened to fall to the other side. There the Republicans with the help of the City Fusion Party not only secured representation for the first time in years but elected all three members, though they had but 59 per cent of the votes.

A Democratic majority of the whole board—33 members out of 65—was elected by exactly one-sixth of the valid votes cast in the city.

The previous election had been even worse in misrepresentation. At that time the Democrats polled 65 per cent of the votes and elected 98½ per cent of the board. One lone Republican survived.

THE RECORD OF EIGHTEEN ELECTIONS

Analysis of the eighteen aldermanic elections held since the consolidation of the city makes the case for electoral reform still more conclusive. Here are some of the facts:

In eight of the elections—nearly half—a party with only a minority of the votes elected a majority of the members.

In more than a fifth of all the aldermanic district contests a minority has won out at the expense of a divided majority.

Forty-two per cent of all the votes cast have been wasted on losing candidates.

In the last seven elections Democratic votes have been worth from three to twenty-five times as much as Republican votes in securing representation.

In the same seven elections the Socialists have polled every time from four to ten times as many votes as the number of Democratic votes for each Democratic member elected, and have elected no aldermen at all.

It has never taken as much as one-third of the votes cast to elect a majority of the board for the controlling party.

In short, our method of trying to secure a representative body has violated every major tenet of American democracy. We have not had majority rule. We have not had fair representation for minorities. We have not had even an approach to equality of voting power.

WHAT P. R. WOULD DO

New York is normally a Democratic city. A fair method of election would normally secure a Democratic majority on the city's legislative body. But in that Democratic majority it would secure fair representation for the hundreds of thousands of Democrats who believe in honest, efficient city government and who have ordinarily been eliminated in the primaries. The representatives of these Democrats, together with the representatives of Republicans, Socialists, and independents, could effectively block the spoils system from any attempted return.

That is exactly the sort of thing that has happened in Cincinnati under proportional representation for five successive elections. The new election method is concededly one of the major reasons why that once corrupt and misgoverned city has become a beacon light for workers for good government in all parts of the land. We hope to light a beacon equally bright here in New York City.

ELECTION OF NEW YORK ALDERMEN[1]
November 7, 1933

Party[2]	Votes Cast	Seats in Proportion to Votes	Seats Won	Percentage of Votes	Percentage of Seats
Democratic and Recovery	997,601	34	49	52.7%	75.4%
Republican and City Fusion	782,270	27	16	41.3%	24.6%
Socialist	75,827	3	0	4. %	0 %
Others	38,992	1	0	2. %	0 %
Totals	1,894,690	65	65	100 %	100 %

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[1] From *The Searchlight,* published by the Citizens Union of the City of New York, March 1934.

[2] There was a great deal of overlapping between the endorsements of the Democratic and Recovery Parties on the one hand and the Republican and City Fusion Parties on the other. These parties have therefore been combined although in a number of cases their candidates opposed each other.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

100 Years of Land Values in Chicago. By Homer Hoyt. Chicago, University of Chicago Press, 1933. 519 pp. $5.00.

In his *100 Years of Land Values in Chicago* Homer Hoyt has described in simple, forceful language not only what happened to real estate during that century, but the causes back of these happenings. For booms and depressions he has marshalled the facts to show that topographical features, industrial and commercial expansion, local, state and national politics, transportation, and, perhaps most of all, mob psychology, has each had a large part in determining the value of land in the city of Chicago. To this reviewer (not a resident of Chicago) the book is intensely interesting from cover to cover; from the beginning to the end there is scarcely a dull page in it. It is the history of a dynamic community as recorded in its real estate values. It is a simply-told but fascinating narrative of facts that were and are and, save for the lucid dissertation in Appendix I, part C, makes no pretension to being a textbook.

The arrangement of the text is logical. In Part I the author discusses the historical relations between Chicago's physical growth and land value fluctuations, while Part II is largely devoted to analyses of the reasons for these fluctuations. Appendix I is devoted principally to an exposition of the technique of real estate operations in Chicago. Appendix II describes the methods employed in determining the values quoted in the book. The smaller appendices are followed by several tables of statistical information, a bibliography, and a very complete index.

About the only important departure from the narrative into the argumentative occurs in Appendix I under the title "The Fundamental Basis of Land Values: Capitalization of Net Income," in which the author expounds very clearly the basis of the income theory of determining land value and illustrates intelligibly the errors of conclusion that may arise from its use. This reviewer is in accord with Mr. Hoyt's conclusion (p. 454) that income analysis is the best test of what land value ought normally to be, but does not endorse as a corollary thereto that the income residuum is, in all cases, the gauge of land value.

The book describes the various booms and their subsequent deflation simply but vividly. It outlines their causes; portrays their effects. No one can read Part I without wondering why the debacle of 1929-1933 had not been foreseen and guarded against.

There is only one criticism which this reviewer wishes to make: That is the extreme reduction of most of the maps scattered throughout the book. They are so small that magnification is necessary to read many of the notations thereon.

The author is to be highly commended for the liberal use of supporting data, in both tabular and graphic form. Much of this is informative and helpful for students of land economics. For instance, the graph on page 327 is illustrative of the dependency of commercial frontage rentals upon pedestrian traffic. Similarly, that upon page 352 shows very forcefully that he who invests in real property at its peaks would secure more increment by purchasing 5 per cent bonds.

The book as a whole exhibits great capacity for exploration into and orderly arrangement of a mass of detail, and a happy faculty for transmuting bygone musty records into a vital presentation of a phase of urban development that cannot fail to interest the economist, student or master.

CUTHBERT E. REEVES

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Current Monetary Issues. By Leo Pasvolsky. Washington, D. C., The Brookings Institution, 1933. 192 pp. $1.50.

Dr. Pasvolsky has prepared an excellent review of the events in the international and national monetary field during 1932 and 1933, together with a brief analysis of the gold purchase plan adopted in this country in October of last year. Of the 130 pages of the text approximately 100 are devoted to a survey of the experts' conference at Geneva a year ago (at which the agenda for the London Economic Conference was prepared), the London Economic Conference and the shifts in American policy up to October.

The convening of the London conference under unfavorable circumstances, the predominance of monetary questions, and its disruption are pictured in interesting fashion. Those critical of our part in this conference and inclined to blame Washington for its failure should read the chapters on the conference carefully. The factors accounting for the shifts in the American position are clarified and, of more significance, is the fact brought out that the conference might have failed because of other issues even had the monetary ones been settled satisfactorily.

The importance of war debts and the disputes over commercial policy, tariffs, and quotas might have disrupted the meeting as easily as did the American position on exchange stabilization.

Dr. Pasvolsky is to be commended for his balanced and moderate criticism of the gold purchase plan. He does not cite the history of fiat money in France nearly two centuries ago nor the despoliation of European insurance companies after the war; rather he presents an analysis of the working of the plan in our own economic environment with existing conditions. He contends that any price rise initiated by increases in the gold price would be unpredictable and result in monetary uncertainty with its attendant evils. The experience with our monetary policy from April to November is reviewed, showing that the gold price could not even control foreign exchange precisely, much less commodity prices. Furthermore, the experience of other devaluations since 1931 (England, Sweden, Japan) is surveyed to show that commodity prices did not behave according to the theory (compensated dollar) back of the gold purchase plan. On this point the reader may wish that the author had presented a more complete analysis of these other "experiments" with price data broken up into import, export, agricultural, and industrial groups, to show the aggregate effects of these devaluations.

The author believes that the international gold standard is essential for prosperity and recovery. For those who similarly decry monetary uncertainty and nationalistic monetary policies this book will serve as a valuable catechism. Only one serious typographical error (on p. 27) was noted. The documentary appendix is unusually complete, embracing official publications from the Geneva meeting down to the Roosevelt speech announcing the gold plan.

BERT C. GOSS

New York University

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The Rebuilding of Blighted Areas. A study of the neighborhood unit in replanning and plot assemblage. By Clarence Arthur Perry; architectural and planning studies under the direction of C. Earl Morrow. New York, Regional Plan Association of New York, 1933. 59 pp. $2.00.

Anything from the pen of Mr. Perry deserves careful study. His name is already identified with the neighborhood unit idea, widely accepted by city planners.

The idea is, in briefest terms, that the district which furnishes the population for an elementary school is about the right size to develop common interests and a neighborly spirit if the lay-out is such as to encourage it, that traffic should be routed around rather than through it, that children should be able to go and come from school and playgrounds without crossing a traffic street, that shops should be on the periphery, and that by pooling and making the most of open spaces admirable living conditions and recreation facilities may be secured.

In this work Mr. Perry applies the neighborhood unit idea to the rebuilding of blighted areas through voluntary action on the part of owners. He makes the discussion concrete by attaching it to an actual area at Winfield, n the borough of Queens, New York, a ection accessible, but not close-in, in the early stages of blight. To show the flexibility of the idea, five plans have been drawn for this 41-acre tract, two of which have been worked out in some detail on the basis of a fairly high-cost development, with rents at $21 per room per month, and two for low-cost development under the State Board of Housing at $10 per room per month.

The reader should bear in mind that this is not a study of slum clearance, nor is it offered as a substitute for slum clearance. It was written before the recent emergence of slum clearance by public authorities into the field of practical possibilities.

The question suggests itself, whether it would be wise to encourage, in a section not at present intensively developed, a type of building which, if used over the entire area of New York City, would provide housing for over 25 million people. Would not neighborhood units with five to six thousand inhabitants and fairly high buildings, leave more areas of blight behind them than they could cure? If the land costs too much for two-story houses, and yet is needed for no other purpose than low-rent housing, doesn't it follow that the value is an imaginary one, which needs deflation?

At all events, Mr. Perry will have rendered a public service if he sets owners of blighted areas to thinking along the lines of such broad parks and gardens and playgrounds as are found in his neighborhood unit plans.

Edith Elmer Wood

*

Tax Limits. By Mabel L. Walker. New York, General Welfare Tax League, 1933. 8 pp. mimeo. Twenty-five cents.

The December bulletin of the General Welfare Tax League is devoted to a brief description and discussion of tax limitation—its effectiveness and practical results. The outstanding feature of the study, however, is its presentation in summarized tabular form of the constitutional and statutory limitations in the various states as of November 1933.

Property Tax Limitation Laws. Statements by Twenty-four Authorities. Edited by Glen Leet and Robert M. Paige. Chicago, Public Administration Service, 1934. 92 pp. Seventy-five cents.

The rapid spread of rigorous tax-limit laws—both constitutional and statutory—has been a striking phenomenon in recent public finance. In several cases these laws have been initiative measures forced through the legislature by an aroused electorate. The appearance of this collection of short studies on the subject made by competent scholars and administrators is therefore exceedingly timely. The case for and against tax limitations is stated succinctly. An analysis of the growth and extent of such legislation and consideration of the motives behind the movement and the relationship of tax limits to home rule, municipal credit, and budgeting are important features. Of particular interest and value are the articles dealing with the operation of such laws in the eight states that have adopted the most stringent limits. The sentiment of the majority of the writers is reflected in the closing words of the article by Professor Simeon E. Leland: "The conclusion is inescapable that the tax limitation plan is an unintelligent and ineffective method of accomplishing desirable results. . . What a pity so much energy could not have been devoted to an intelligent effort to improve state and local fiscal systems!"

Mabel L. Walker

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Local Finance and Procedure. By Loren B. Miller. Detroit, Michigan Commission of Inquiry into County, Township and School District Government, 1933. 97 pp. Fifteen cents.

This valuable study sets forth in some detail the financial facts and practices of local governments of Michigan and makes concrete recommendations for their improvement. Like local governments in other states, administrative organization and financial procedure are thoroughly outmoded and constructive legislation with intelligent enforcement is a fundamental requirement. Against a background of facts and statistics, presented graphically to a marked extent, the author makes suggestions as to assessments, tax collection, budget procedure, accounting and reporting, auditing, purchasing improvements, debt classification, debt procedure, debt limits and redemption, refunding, short term borrowing, special assessments, and other subjects—with considerable emphasis on state control.

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The Michigan Commission of Inquiry Into County, Township, and School District Government, for which Lent D. Upson is Director of Inquiry, has also issued recently two smaller booklets. The first, published December 1933, 27 pp., five cents, contains: **Population Trends**, by George T. Ragsdale and Lent D. Upson, which shows the shifts in population resulting from the change from a dominantly rural to a dominantly urban state with the resulting burden of governmental areas in the sparsely populated sections; **Natural Community Areas**, by J. F. Thaden, which gives graphically the results of a study made to show to what extent existing civil boundaries coincide with natural boundaries and suggests the possibility of developing less artificial governmental divisions; and **Rural Land Zoning**, by P. A. Herbert, which discusses the desirability of mapping land economically suited to various purposes and limiting its use to those justified, with a withdrawal of governmental services from areas not capable of providing a living to their inhabitants. The second study, **School Organization in the Detroit Metropolitan Area**, by Don S. Miller, February, 1934, 18 pp., five cents, discusses the educational and financial problems involved in the proposal to consolidate the school districts of Wayne County into a single organic unit.

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Where the Sales Tax Falls. By Mabel L. Walker. New York, General Welfare Tax League, 1934, 12 pp. Twenty-five cents.

Everyone at all interested in tax problems is familiar with the theory that the sales tax is the antithesis of the fundamental "capacity to pay" principle. Dr. Walker's study gives the facts supporting this theory. Not only is the brief text interesting and informative, but there is a most effective graph showing the amount of tax per thousand dollars of income paid by persons of various income groups under one, two, and three per cent sales taxes, including and exempting food.

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The Cost of Elections in the City of Buffalo and Erie County, N. Y. Buffalo, Buffalo Municipal Research Bureau, Inc., 1933. 36 pp. mimeo.

The search for possible economies in local governments leads certainly to the high cost of elections. The analysis of Buffalo and Erie County costs confirms the reputed extravagance in the conduct of the periodical voting. The Bureau shows clearly how expenditures could be reduced by local action and how much further by changes in state law. The movement for the revision of the election law in New York State has already been started. Such studies as this should stimulate favorable action. Meanwhile many municipalities might apply the Buffalo Bureau recommendations for themselves at considerable saving to the voters whom the elections function to serve.

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The Foundations of American Government (Revised). By Herman A. Spindt and Frederick Lynne Ryan. Boston, D. C. Heath and Company, 1934. 600 pp. $1.80.

The authors have revised their textbook in civics which was first published in 1929. The important events since that date are carefully described, not merely with a view to bringing the volume up to date but in order to emphasize the significance of the past four years and to explain the developments in our institutions. Recent campaign issues, emergency legislation and changes in currency and banking, federal, state, and local budgets and taxation are all included to complete the previous material usual in civics texts.

The method of the earlier volume is maintained, with detailed explanations of statements made and the use of practical illustrations to support both facts and theories offered. Emphasis is placed on the importance of the study of civics to everyone who hopes to become an intelligent, effective citizen. Mr. Spindt is principal of the Kern County Union High School and Junior College at Bakersfield, California; Mr. Ryan, assistant professor of economics at the University of Oklahoma.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE *Secretary-Treasurer, G. R. A.*

Los Angeles County Bureau of Efficiency.— The Bureau has recently presented to the board of supervisors its annual report for the past fiscal year. A total of 180 separate studies and investigations were made and 164 completed reports submitted to the county board. The preparation of the budget was one of the major projects. Every department head was interviewed and the past expenditures and budget requests of each department carefully scrutinized. Expenditures for the fiscal year 1933-34 will be about 10 per cent less than those for 1932-33. Salaries of all county employees were re-examined and studies made to compare these salaries with those offered by private employers for similar work. An exhaustive study of automotive transportation provided for county employees was completed and the recommendation made that a centralized plan of control be adopted and all automotive equipment pooled. Another important study dealt with the possibility of using radio-equipped cars by the sheriff. The Bureau determined by actual observation and experiment that radio-equipped automobiles would vastly increase the effectiveness of the sheriff's patrol.

In a timely report the Bureau analyzed the probable results of separating the city of Los Angeles from Los Angeles County. Certain groups in the city were favoring this step at the time. The effect of separating city and county, the Bureau pointed out, would be a heavy increase in the cost of government for the "remnant" areas of the county. The agitation and interest aroused by this proposal, however, led to the appointment of a committee on governmental simplification. The Bureau was very active in the creation of this committee and through the Bureau a coördinator was appointed to conduct its activities. The director of the Bureau is the chairman of the technical committee of the parent simplification committee.

The cost of research work of the Bureau during the past year was $28,000. The Bureau estimates, however, that seven of its 180 separate studies show how an estimated tangible savings of over $500,000 can be accomplished. Actual savings of several times the Bureau's cost were realized during the year as a result of the adoption of some of its recommendations. In addition to tangible savings, many of the Bureau's studies are concerned with the general efficiency of the various departments, and while the results of these studies may not in every case effect a cash saving, they tend to improve the county service in a way which is distinctly beneficial to citizens and taxpayers. For example, last year the Bureau advocated the expenditure of $4,000 for police radio equipment, which it was estimated would increase the service efficiency and public protection of the sheriff's sub-stations by 50 to 75 per cent.

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Buffalo Municipal Research Bureau.— Recent developments in Buffalo have presented the opportunity for the Bureau to review the results of the school survey arranged and made by the Bureau in 1931. This survey was requested by the board of education. Experts of the staff of the United States Office of Education and the staff of the Bureau prepared a 500-page report which approved much of the work being done in the Buffalo schools and definitely criticized some practices, particularly in the business affairs. The Bureau gave extensive publicity to the findings of the survey. During 1931 the board of education secured the services of a local firm of municipal accountants to install substantially all of the recommendations made in the survey report. The original survey was paid for by the Bureau. Subsequent investigations and installation cost a total of $86,653 of public money. That this investment has been justified was proven when 1932-33 showed in comparison with 1929-30, a saving in the business operations of the Board of Education of $254,036, and in the educational operations of $806,983. A saving of over a million dollars was thus realized in a single year on an investment of $90,000. The saving was even greater than this because in 1932-33 enrollment was up 7,820 in the high schools and 1,306 in the elementary schools, and normally this increase in enrollment would have caused an *increase* of about a million dollars in educational costs. The Research Bureau feels that, judged by Bureau standards, the Buffalo Board of Education during the past three years has done for the citizens of Buffalo a piece of work for which it deserves high commendation. The average man, at least, believes that the economies which it effected have not disturbed any of the essential and very few of the non-essential services of the schools.

The Bureau has just completed a financial study of the five municipally-owned and operated retail markets of Buffalo, New York. In two of them the stalls were found to be practically all rented; in the other three occupancy was 67, 38, and 10 per cent respectively. Each of the markets showed a loss in the last fiscal year, ranging from $26,000 to $46,000, by the Bureau's calculation.

The Bureau believes that municipal markets should be self-supporting and that the costs should include the same classes of expenses and charges a privately-owned market would have to bear, namely, operation and maintenance expense, taxes, interest on the investment, and depreciation of buildings and equipment. These costs are real and if not covered by revenues the loss is borne by the general taxpayer.

The Bureau report states that the retail public markets system, wherever used in conditions similar to Buffalo's, is obsolete. Farm produce is no longer brought in from surrounding rural areas. About 64 per cent of all that consumed in Buffalo and surrounding territory is shipped in by rail. The report recommends closing the three least occupied markets and selling or renting the property. It recommends increasing the rentals of the other two by 50 per cent, or reducing expenses by an equal sum, which would make them self-supporting.

We are informed by the Bureau that an offer to rent two of the markets for a term of years has been tendered by private parties since the report was filed with the mayor and council.

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Bureau of Governmental Research of the Kansas City (Kansas) Chamber of Commerce.— The Bureau has just issued its annual report covering activities during 1933. The Bureau had an important part in bringing about a reduction in the expenditures of the city, county, and board of education of approximately $500,000 for the year 1933-34. The expenditures of the board of education were decreased $365,000 in 1933, under 1932, and it appears probable that expenditures for the fiscal year ending 1934 will be $221,000 under those for 1933. The county reduced its operating expenses for the present year by 24 per cent. The Bureau collaborated with local officials in preparing the budgets which accomplished these economies and retrenchments.

Early in 1932 the Bureau prepared a detailed report on the welfare activities of the county. During 1933 many of the recommendations of this report were carried out, including the passage of a law establishing a central case index and a uniform accounting and reporting system. The Bureau also sponsored or assisted in the drafting of legislation to improve the county's budgetary procedure, change the fiscal year to the calendar year, provide for scientific assessments, provide a modern accounting system in the county, set up qualifications for the county auditor, and provide for an audit of the county records. With the exception of two bills, all the legislative measures submitted by the Bureau were either passed or incorporated in part in other bills which were submitted as the governor's legislative program.

The Bureau's annual report contains a great deal of valuable statistical data: assessed valuations, tax levies, analyses of bonded indebtedness for which property in Kansas City is liable, etc.

The director of the Bureau is Clifton Roberts. H. B. Kendrick is staff accountant.

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Boston Finance Commission.—The Commission presented its annual report to the Massachusetts legislature early in February. During the past year the Commission examined with great care the proposed city budget for 1933-34, and recommended economies and retrenchments which were considered by the state legislature when it reduced the permissible expenditures of the city for other than emergency purposes by approximately $3,000,000. All land purchases and proposed land purchases of the city were carefully investigated and checked by the Commission's staff, and several unwise purchases were averted. The critical analysis which the Commission made of the mayor's public works proposals to the Federal Emergency Administration of Public Works contributed to the rejection of certain of these projects by state and federal authorities. Detailed proposals for revising the city's charter were drafted and submitted to the special legislative commission considering charter revision and to the legislature.

During the year the Commission has continued its policy of making frequent inspection of the character of the paving work being done by the city and an improvement in practically all branches of this work was noted. Surveys were made of the county jail and of the Long Island hospital and almshouse, and suggestions made for the correction of certain purchasing, personnel, and administrative practices. Members of the Commission's staff followed in complete detail the construction of a new high school in an effort to determine whether the excessive number of changes in plans which customarily take place during the construction period could be reduced. The Commission's vigilance is believed to have resulted in an improvement in the work of the staff of the school buildings department and as a result the high school constructed last year more nearly approaches the specified product than ever has been the case in the past.

The scrutiny of the purchasing department has been continued as a regular function. Although further centralization of purchasing is deemed desirable, the purchasing methods of the city have improved markedly since the Commission's thorough survey three years ago.

During the coming year the effort to reorganize the public welfare department will be continued. The Commission will also work for an improvement in the methods and organization employed in the assessing department and will complete a survey of the city's hospitals.

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Los Angeles Bureau of Municipal Research.— The consolidation of all of the separate tax-levying governments within Los Angeles County with a single legislative body of perhaps 45 members, elected at large by proportional representation, a single appointive executive or manager, one court system, one finance department, one public service department, one social service department, one department of education, and one police force is the far-reaching recommendation contained in the recently published report of the Bureau to the Citizens Committee for City and County Unification. This report presents data fundamental alike to the consideration of governmental reorganization and to the planning of the future economic development within the county. Population trends, industrial development and present occupational status of the gainfully employed are analyzed and conclusions drawn from these facts. Sweeping changes are recommended in the tax structure. The abolition of the taxation of land, "except to prevent unsocial hoarding or profiteering," the institution of a comprehensive system of service charges and fees, and increased state and federal support for education are perhaps the most important of these suggested changes.

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Tennessee Taxpayers Association.—Under the direction of the Tennessee Valley Authority research workers in five states are collaborating in the collection of basic data in the fields of economics, education, government, and sociology in their respective states. The Association has coöperated in this comprehensive research program and the services of its staff were made available for a considerable amount of time during the last of 1933 and the first of this year. CWA funds were used for this research and the Association's staff supervised the work of CWA employees.

The second annual report of the fiscal affairs of the state government has been recently published by the Association. This report reveals an improved financial condition on June 30, 1933, over that on the corresponding date in 1932, a budget balanced without new taxes, and substantial upturns in the yields of some of the principal taxes due to better enforcement.

*

Wisconsin Taxpayers Alliance.—The semi-monthly publication of *The Wisconsin Taxpayer* is now in its second year. A wealth of information and valuable data with reference to Wisconsin's state and local government have been published in this small newspaper as well as many interesting governmental facts and developments in other states. The February fifteenth issue features an analysis of the antiquated township-supervisor county board system which is used in Wisconsin and in only three other states (Illinois, Michigan, and New York). Counties in Wisconsin may adopt by referendum the commission or small county board form of organization and the specific steps which must be taken to call this election and the important features of the commission form of county government under Wisconsin laws are outlined in detail.

Paul N. Reynolds, formerly the director of research of the Taxpayers Alliance, is now serving also as the executive director of the organization.

*

Governmental Research Reports Received Since February 15, 1934.—

Report of the Governor's Committee on the Costs of Public Education in the State of New York. Published by the Committee, Albany, November 1933. Apply to Governor Herbert Lehman.

Municipal Markets of Buffalo, New York. Buffalo Municipal Research Bureau, February. Price $1.

Use of Private Cars by City Employees on City Business: Rates Paid. American Municipal Association, Chicago, February. Report No. 81. Price 25 cents.

A State-Shared Federal Sales Tax. Research Report Prepared for Interstate Commission on Conflicting Taxation. Clarence Heer, American Legislators' Association, Chicago, March 8. Price 50 cents.

Unified Government and Tax Reform for Los Angeles County. Los Angeles Bureau of Municipal Research, February. Price $5.

County Boards in 48 States. Wisconsin Taxpayers Alliance, Madison, February 15. 4 pages.

Local Government Solvency through Tax Relief and Economy; Fourth Report of the New York State Commission for the Revision of the Tax Laws. Research conducted by the Institute of Public Administration. Published by the Commission, Albany, February 15. Legislative Document No. 56.

An Analysis of the Optional County Government Reorganization Proposals Now Before the Legislature. Schenectady Bureau of Municipal Research Bulletin, February 12.

School Organization in the Detroit Metropolitan Area. Don S. Miller, Michigan Commission of Inquiry into County, Township, and School District Government. Apply to Detroit Bureau of Governmental Research, Detroit, February. Price 5 cents.

Local Finance and Procedure. Loren B. Miller, Michigan Commission of Inquiry into County, Township, and School District Government. Apply to Detroit Bureau of Governmental Research, Detroit, September 1933. Price 15 cents.

Boston City Finances and the Effect of Restoring Salary Schedules. Boston Municipal Research Bureau, February 6.

Population Trends. George T. Ragsdale and Lent D. Upson; including also *Natural Community Areas,* by J. F. Thaden; and *Rural Land Zoning,* by P. A. Herbert. Michigan Commission of Inquiry into County, Township and School District Government. Apply to Detroit Bureau of Governmental Research, Detroit, December 1933.

Report Covering the Second Annual Survey of the Government of the State of Tennessee for 1933. Tennessee Taxpayers' Association, Nashville, 1933. Price $5.

Taxation and Government

Many taxing units must be merged if constructive economy is to rule

EDITED BY WADE S. SMITH

Sumners Bill Reported Out of Senate Committee.—On March fifth the Senate Judiciary Committee voted favorably, 8 to 5, on the Sumners Bill (H.R. 5950). This is the bill which would permit cities in financial difficulties or in default on their debts to petition the federal courts for an adjustment with creditors, provided thirty per cent of the creditors consented to the action. The committee vote overturned a 4 to 1 adverse decision by a sub-committee and brings the measure before the Senate. The bill was passed by the House last spring.

Those voting for a favorable report were: Ashurst, Stephens, Dill, Neely, Logan, Long, Democrats; Borah and Austin, Republicans. Those voting in opposition were King, Van Nuys, McCarran, Democrats; Hastings and Herbert, Republicans.

*

Overlapping Taxing Authorities.— Widespread movements looking toward county consolidation and the reorganization of local units emphasize the need for the simplification of governmental structure and the re-distribution of functions if governmental costs are to be held within even the most optimistic limits. Through the country at large there are, according to a recent report of the Census Bureau, some 194,630 units having tax levying and debt incurring power, including the 48 states, 3062 counties, 16,660 cities, towns villages, and boroughs, 128,661 school districts, 19,769 townships, and 26,430 other civil divisions. The overlapping functions of this vast array of governmental units represents a waste of money and a duplication of effort which very conceivably is roughly equal to the extra margin of governmental costs now causing such a discordant uproar from the nation's taxpayers.

Other sources of information show that in New York State there are 62 counties, 60 cities, 529 incorporated villages, and 932 towns. The villages and towns overlap, and the whole structure is further complicated by the superimposition of some 9,504 school districts and 2,467 special districts of one kind or another—a total of 13,554 units providing local government in some form.

In Wisconsin taxes are levied by 9,554 separate and distinct units. There are 145 cities, 1,280 towns, 359 villages, 7,251 common school districts, 332 high school districts, 74 drainage districts, 37 farm drainage boards, 3 metropolitan sewerage districts, and 71 counties, plus, of course, the state and federal government. The Wisconsin Taxpayers' Alliance comments: "Administration cannot be of the highest type since many of the units are so small they are unable to afford the best talent. The best interests of the community are sacrificed through needless waste."

Within Cuyahoga County, in which is located Cleveland, Ohio, there are no less than 103 taxing units, with overlapping and conflicting jurisdictions, each competent to prepare its own budget for submission to the county budget commission. Economy and efficiency are obviously out of the question when government is dependent upon such a myriad-headed structure. In the metropolitan area of New Jersey, comprising Hudson, Essex, Union, Bergen, and Passaic Counties, there are 140 municipalities, plus 136 school districts—in an area twenty miles wide and thirty-five miles long. In the Chicago metropolitan area Cook County includes some 419 distinct and independent local governments.

Exclusive of the cities and villages, the state of Michigan has 6,878 school districts, 1,269 townships, and the 83 counties. Colorado recently planned to reduce its 63 counties to 43, in order to achieve a minimum valuation for tax purposes of $6,000,000 for each county.

Conditions such as these are not peculiar to the states and areas mentioned. They can be duplicated in virtually every section of the country. Until recently the average taxpayer has been aware of them principally through the multiplicity of tax bills and assessments he has received once a year, a multiplicity accepted as a nuisance but given no serious consideration as a phenonemon of government worth investigating. If the present crisis in local government will lead to a wider application of efforts to simplify and reconstruct the units existing for the service of the localities, it will have served at least one useful purpose.

*

Eleven Point Program for California Tax Reduction.—At the eighth annual meeting of the California Taxpayers' Association held in Los Angeles March 2, a program for 1934 looking toward the elimination of overlapping and obsolete units of local government was adopted as the best means of reducing taxes and governmental costs. The points submitted were as follows:

"1. The simplification of governmental organization—cost of government can be reduced if we can have voluntary coöperation and coördination of activities and joint operation of services by the many overlapping units of government.

"2. Reduction of the number of governmental units and taxing authorities.

"3. Elimination of overlapping between departments and bureaus within government.

"4. The adoption of the principle of pay-as-you-go in financing capital outlays wherever practical.

"5. Extension of the principle of centralized purchasing of supplies and materials.

"6. Improvement in personnel administration.

"7. Adoption of the uniform accounting system for every phase of governmental activity.

"8. Elimination of special services and functions of government that are not of general benefit.

"9. Pooling of all mechanical equipment.

"10. Maintenance at all costs of the expenditure limitation set up in the Riley-Steward plan, which will expire with the opening of the legislature in 1935.

"11. Enactment of a constitutional amendment establishing a property holding qualification for voting on bond issues."

A comprehensive program, this, and one to which other taxpayers' groups might look for confirmation of the growing idea that tax reduction isn't as simple as it may have seemed originally to a few budget slashing enthusiasts.

*

Municipal Consultant Service Gives Preliminary Report on Nassau County, N. Y., Survey.—Declaring that there is nothing wrong with the finances of Nassau County, except a peculiar legal situation already in process of correction, a recent report issued by the Municipal Consultant Service of the National Municipal League stresses the potential resources of the county and outlines some of the measures under way to remedy its present situation.

The total debt of the county and all its subordinate units is only $103,000,000, about $341 per capita, and 10.54 per cent of the total assessed valuation—figures comparing favorably with those of other similarly situated counties. The peculiar legal situation arises from the fact that the town tax receivers pay all they take in over to those units until they are paid in full, thus leaving the county holding the bag. When, as this year, the total levy is approximately $20,000,000, of which the county's share is $7,000,000, even if 80 per cent of the taxes are collected the county gets only about 40 per cent of its portion. Legislation is pending to make the distribution pro rata, so that all the units share on the same terms.

Further legislation has been introduced providing for the establishment of a $2,500,000 cash basis fund, $500,000 to be set aside annually until this amount has been accumulated, which will be used to provide county funds until taxes are collected. This revolving fund will eliminate the necessity of periodic borrowing in anticipation of taxes, and, coupled with a new quarterly system of receiving taxes, will insure sufficient funds to meet cash needs at all times. Reforms in the procedure of selling tax liens have also been instituted to shorten the redemption period to two years and make possible the clearing up of delinquencies in a time short enough to make the sale of liens attractive and further eliminate the need of borrowing in anticipation of taxes.

Tax collections under the quarterly system are already within 3.1 per cent of those during the same period in 1933, a condition attributed in part to increased confidence in the local government and in part to the effects of national recovery.

Dr. Thomas H. Reed, director of the Municipal Consultant Service, is at present working on a survey of the Allentown, Pennsylvania, financial situation, and will begin shortly similar work at Winter Park, Florida.

*

Detroit Taxes Rolling In.— On the basis of tax collections so far in 1934, the Detroit treasurer is receiving taxes at the rate of about $1,000,000 per month, as compared with less than $300,000 monthly last year. Daily receipts have been running from two and a half to five times those of comparable days in 1933. The money is for all kinds of taxes—real, personal, special assessments often years old, and for delinquent taxes.

Deputy City Treasurer Albert E. Cobo said recently that, "Many people with delinquent taxes are taking advantage of the chance to save 5 per cent of the city bid by paying in full, as our 'tax relief' charter amendment permits. On a delinquent tax of $100, which is $110 at the city bid, they are getting the bill paid for about $106.50. Not many taxpayers are coming in under the seven-year plan yet. They have until April 10, however, to arrange to pay their delinquent taxes in installments over seven years by making the first payment of 5 per cent."

Improved collections have resulted in larger funds available for pay-rolls and other bills due.

*

Government Sells First Block of Municipal Securities.— On March 4 the Public Works Administration sold at Washington four blocks of municipal bonds of a total par value of $737,000, at a total price of $757,050. Bids were rejected on a fifth block of $100,000 for which a premium price was not offered.

These bonds were purchased by the PWA to aid local units in financing their projects of public works construction. The administration has contracted to buy upwards of half a billion dollars' worth of such securities, and is authorized to feed them back into the general market, the proceeds of their sale to revert to the treasury. Three of the blocks sold March 4 are 4 per cent bonds, the fourth a 4½ per cent issue. In connection with the sale the question naturally arises as to just what proportion of the securities held by the PWA will prove marketable at premium prices, in view of the fact that the government was forced in the first place to assume the financing of the work projects because of the reluctance of private investors to put money into the particular issues involved.

*

The so-called Alger plan for mortgage aid in New York State, recently submitted to Governor Lehman, provides, among other things, for the advance of loans to certificate holders for the purpose of paying taxes, thus giving opportunity to mortgage and municipality at once.

*

A 16 per cent drop in appropriations by Massachusetts cities and towns between 1932 and 1933 was announced by the Massachusetts commissioners of corporations and taxation, according to the New England Council. Taxpayers' vigilance and aroused citizen interest are held chiefly responsible.

*

"No taxes should be based on anything but income," said the head of a New York realty company recently in presenting a case for the reduction of realty taxes. An equitable tax, apparently, is one paid by the other fellow; and realty groups may be expected to give increasing support to the income tax—if and when they give up the sales tax fixation.

*

The state of New Hampshire, whose policies in sustaining municipal credit we mentioned recently, sold on February 16 nearly two and a half million dollars' worth of bonds at a new high price level for the municipal bond market. The bonds are secured by unlimited taxes leviable against all taxable property in the state—a warning to those who would restrict ad valorem property taxation that such "limitation" may be secured at the doubtful advantage of higher interest charges on whatever debt must be floated.

*

A bill providing that current municipal expenditures be limited to 75 per cent of the 1930 budget and that hereafter local government expenditures be on a per capita basis, was introduced late in February in the New Jersey state legislature. Details were not released pending possible changes in committee.

*

The mayor of Jackson, Mississippi, has addressed a plea to the county's delegation to the state legislature asking that the state relinquish to the municipalities a greater share of some state taxes, and abandon others to the cities entirely. He points out that the state collects over forty dollars from Jackson taxpayers for each dollar the state contributes to the city. Local taxpayers pay approximately 50 per cent more to the state than it costs to operate the city government.

*

Atlantic City recently adopted its 1934 budget of $3,856,078, as compared with $4,861,828 for 1933. The tax levy has been reduced about one third. The state auditor has protested that the reduction was made by omitting from the budget items, among other things, required by law and totaling more than $1,000,000. This is hardly constructive economy.

*

Analysis of delinquent taxes in Plattsmouth, Nebraska, "has unearthed scores of delinquent properties" whose owners continue collecting rent, or who have bought in the properties at foreclosure sales themselves while continuing to collect rents, according to an article in the February *Nebraska Municipal Review*. Reformed procedure in selling tax certificates is proposed to help remedy the situation.

*

A taxpayer of Austin, Texas, has brought suit against a state representative who is delinquent in his state property taxes, to prevent the payment of the representative's salary. The action is taken under a statute preventing debtors to the state from receiving payment until the debt is paid. The representative, who is said to owe some $1,200 in taxes and penalties, was supporting a proposed tax moratorium measure in the state legislature.

*

Thirty-two townships in St. Louis County, Minnesota, may be dissolved under state law by the board of county commissioners, which has authority to dissolve towns having a tax delinquency in excess of 70 per cent or a valuation of less than $50,000 with a 60 per cent delinquency. A survey of the townships in the county is to be made.

*

A survey of typical tax delinquent properties in Toledo, Ohio, disclosed that 11 per cent of the parcels delinquent owe slightly over 55 per cent of the total arrears. These parcels, with a minimum tax bill of $1000, aggregate $281,105 out of some $508,887 studied. Persons with tax bills under $100 own 18.9 per cent of the parcels delinquent, but owe only about 2½ per cent of the arrears. The $500-$1000 tax bill group is responsible for 14 per cent of the parcels and 18 per cent of the arrears. Further evidence that, in general, it is the big fellow who isn't paying his taxes.

*

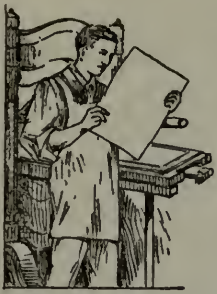
The town of Walkerville, Ontario, is seeking legislation, similar to the Sumners Bill, to permit it to reach an agreement with its bondholders to refinance the bonded indebtedness of the municipality. It seeks an arrangement such that if 60 per cent of the holders agree to a plan, the other 40 per cent will be bound by it also.

*

As a result of a recent decision of the West Virginia Supreme Court some $25,000,000 in "frozen" taxes can now be released to the municipalities. Following imposition of a tax limit, it will be remembered, court decisions held that debt requirements must be met before operating funds could be diverted, thus cutting off operating funds for dozens of cities and making a collapse of local government inevitable.

*

Louisville, Ky., has used a lawyer from the city attorney's office as a special tax collector for the past two years. About $170,000 has been collected, the only additional expense to the city being for a stenographer for the tax attorney.



NOTES AND EVENTS

H. M. OLMSTED

County Home Rule Developments in Ohio.—Two of the largest Ohio counties have recently provided for the submission of the question of electing charter commissions under the county home rule amendment adopted last fall. These counties are Cuyahoga and Lucas, containing the cities of Cleveland and Toledo, respectively. In both cases the vote will be taken at the general election next November. At the same time members will be elected to make up the charter commissions if the proposition is approved by the voters. The election of a charter commission is also being actively urged in Summit County (Akron) and is under consideration in at least three other urban counties. Under the home rule amendment charters drafted by commissions elected this year will be acted upon by the voters in the fall of 1935.

A commission on county government has been appointed by Governor White to formulate optional plans of county government for submission to the legislature and to report on problems of county reorganization. Charles P. Taft, 2nd, of Cincinnati has been made chairman of this commission and R. C. Atkinson, of the Ohio Institute, secretary. The commission expects to carry through an intensive study of county reorganization as a basis for legislation and for the guidance of local charter commissions.

R. C. Atkinson

*

Municipal Financial Officials' School Held in Albany.—The New York State Conference of Mayors is resuming operation of its full schedule of training schools after a suspension of one year because of economic conditions. A training school for financial officials of the cities and villages of the state was held in Albany on February 19-21, under the direction of the mayors' conference and bureau of municipal accounts of the state department of audit and control. It was attended by fifty officials from thirty-one municipalities. This was greater than the attendance at the 1932 school and was a cause of distinct encouragement to the conference.

*

New York University Group Submits Charter Revision Plan.—Proposals for a revised charter for the city of New York, with suggestions for financial relief, were submitted in February to Mayor F. H. LaGuardia by a committee from the division of research in public administration, New York University, headed by Dean Rufus D. Smith. The other members were Morley Ayearst, Chas. P. Barry, Richard A. Girard, Warner Moss, Roy V. Peel, A. N. Sack, Thorndike Saville, W. A. Sayre, T. H. Skinner, Emanuel Stein, P. H. Studenski, R. J. Swenson, and C. W. Tooke, with John Bauer as consultant on public utilities. This division was organized by Russell Forbes, former secretary of the National Municipal League, when a professor of government at the university.

The plan includes the following points:

A council of one chamber elected by proportional representation
Preferential voting for mayor
Greater concentration of responsibility
Consolidation of most of the county government agencies
Elimination of administrative departments from borough governments
Greater limitations on the city's borrowing powers
Ways of increasing the city's revenues
A new system of personnel administration
Centralization of all public works

Reorganization of the city courts
An overhauling of the educational system
Teacher representation on the Board of Education
A strong bureau of city planning
Permanent registration of voters.

With regard to public utilities it is recommended that municipal ownership and operation be permitted and that regulation of privately owned utilities, which are chiefly confined to the municipal limits and involve conditions peculiar to the city, be exercised locally. Administrative features of such control would be in a special bureau, while the council would have power to determine policies, standards, and methods of control, subject to judicial appeal.

A larger share of state-collected taxes to go to the city is recommended for permanent financial relief, and also highway privilege taxes for encroachments etc., business and occupational license taxes, and an amusement tax if not levied by the state or federal government. Emergency taxes suggested include a tax on vehicles operated on public highways for private profit without a franchise, and excise taxes on rents and utility bills in excess of certain amounts.

*

Supreme Court Stresses Power of Governmental Regulation, Citing Billboards, Building Codes, and Zoning.—The opinion of the United States Supreme Court, written by Justice Roberts, in the famous New York Milk Law case (Nebbia vs New York, decided March 5, 1934, 291 U. S. p. . . .), upholding the power of the state to fix milk prices through a milk control board, cites by way of illustration a number of businesses subjected to regulation and restriction under the police power, billboards being the first to be mentioned, in the following excerpt:

"The state may control the use of property in various ways; may prohibit advertising billboards except of a prescribed size and location, or their use for certain kinds of advertising; may in certain circumstances authorize encroachments by party walls in cities; may fix the height of buildings, the character of materials, and methods of construction, the adjoining area which must be left open, and may exclude from residential sections offensive trades, industries and structures likely injuriously to affect the public health or safety; or may establish zones within which certain types of buildings or businesses are permitted and others excluded."

The claim of the outdoor advertising men that they are beyond control by the police power of the states because of the clauses in the United States constitution forbidding the states to deny "equal protection of the laws" or "due process of law," and because they are in private business, has been judicially dead for some time under previous decisions. Now the Supreme Court of the United States, by its dictum quoted above, drives another cheerful nail into the coffin.

The decision in the milk control case has, of course, far wider implications, as illustrated by the following from Justice Roberts' opinion:

"Under our form of government the use of property and the making of contracts are normally matters of private and not of public concern. The general rule is that both shall be free of governmental interference. But neither property rights nor contract rights are absolute; for government cannot exist if the citizen may at will use his property to the detriment of his fellows, or exercise his freedom of contract to work them harm. Equally fundamental with the private right is that of the public to regulate it in the common interest. . ."

Albert S. Bard

*

State Tax Officials Organize Nationally.—At a two-day conference in Indianapolis, February 19-20, attended by tax officials of nineteen states, and called primarily to discuss the problems of levying and collecting sales and income taxes, a permanent organization was effected known as the National Association of State Tax Administrators.

Fred E. Stewart, member of the California Board of Equalization, was elected president; Harry McMullan, North Carolina Director of Assessments and Collections, vice-president; Clarence A. Jackson, Indiana Income Tax Director, secretary-treasurer; and Mrs. Ruth Thorne, his secretary, executive secretary.

The association is expected to assemble information pertaining to state tax laws and administrative methods, to work for the adoption of state laws "that will prove most effective in point of equality of tax burden, revenue produced, and ease and uniformity of administration," to study and propose federal legislation that will tend to eliminate difficulties of enforcing state tax laws, and to promote equality and uniformity of taxation.

A resolution was adopted to petition Congress and the President for legislation permitting states to levy a tax on incoming interstate commerce shipments.

*

New York State Tax Revision Commission Reports.—On February 8 the fourth annual report of the State Tax Revision Commission was submitted to the New York legislature. This commission, headed by Senator Seabury C. Mastick, Republican, of Westchester County, made several important recommendations.

Of special interest because of the conservative character of the commission and its leadership was its plea that authority be clearly granted to municipalities to supply electric light and power to their citizens. Detailed provisions for the exercise of this right are set forth based upon an engineering survey made for the commission. The latter states its belief that capably managed municipally-owned systems are able to provide service at prices considerably below those charged at present by most private companies. Control of municipal utilities by semi-autonomous boards is recommended, with some supervision by a special bureau of the state public service commission. The utilities should be self-sustaining, with option on the part of the municipality as to whether they should pay taxes and/or a fair return on value. This recommendation as to the right of municipal utility ownership is in line with Governor Lehman's program.

The commission also called for a two per cent retail sales tax as an emergency measure, to yield $110,000,000 for relief of municipalities, despite the Governor's stand that the existing one per cent tax be abolished as an impediment to recovery.

Other suggestions were for a state liquor authority to handle all wholesale liquor business and yield $60,000,000, also for the benefit of the municipalities, reorganization of local government, and a further study of the basis for apportioning state aid for education.

*

State Planning Board in Minnesota.—A state planning board of seventeen members has recently been organized in Minnesota. Ex-officio members are from the state departments of conservation, highways, board of control, board of health, railroad and warehouse commission, and rural credits. The state PWA advisory board is represented by two members; various outstanding citizens, appointed by Governor Olsen, constitute the remainder. The board is largely due to efforts of George E. Herrold, city planning engineer of St. Paul, and Professor Morris B. Lambie of the University of Minnesota, state CWA coördinator.

*

University of Texas Has Municipal Research Bureau.— President H. Y. Benedict of the University of Texas has announced the establishment of a Bureau of Municipal Research to be operated in connection with the department of government of the university. Dr. Roscoe C. Martin, associate professor of government, has been named director of the bureau.

The purposes of the bureau as they are outlined by Dr. Martin are three-fold in nature. First, it will attempt to provide consultant services for the cities of the state. Secondly, it will undertake to make studies of particular problems suggested by city officials. Thirdly, it will engage in research projects on its own initiative. It will be equipped with a staff which will enable it to perform these services in a reasonably adequate fashion.

The establishment of the bureau of municipal research at this particular time constitutes a recognition by university authorities of the need for facts which confronts the cities more desperately now than ever before. The bureau is stated to be the only establishment for disinterested municipal research in Texas.

*

Charter Giving Administrative Concentration Defeated in Santa Clara County.—The proposed charter for Santa Clara County was defeated on February 20 by a vote of 19,637 to 14,598. The defeat came primarily in the county seat, San Jose, where the city employees and school teachers combined with the county employees to maintain the status quo. The chief opposition to the charter seemed to lie in the heavy concentration of authority of fiscal affairs under the executive-controller, of public works under the county engineer, and of health and welfare work under a single board. The teachers opposed the charter because the county superintendent of schools was removed from the elective list and made appointive by the board of education.

An interesting feature of the election was that the fifth district, in which Stanford University and Palo Alto are located, voted 5,514 to 4,234 in favor of the charter, especially the university, which went 224 to 17 in its favor.

The charter has received considerable favorable comment and I think with certain modifications and changes will probably come up for consideration and adoption in some of the other counties which are thinking about this matter.

Edwin A. Cottrell

*

A County Purchasing Report.—The county commissioners of Lucas County, Ohio, with headquarters at Toledo, early in the current year received the annual report on purchasing of their director of finance and purchasing, H. T. Shenefield. Total purchases of $359,290 were reported, of which $273,953 was from the general fund and the remainder from special funds. More purchasing in quantity was stated to have occurred, and when it became evident that prices were rising, stocks were increased in anticipation of the rise, notably in the case of the county home and hospital, for which from six to nine months' supply of staple foods, drugs, and cotton goods for surgical purposes was purchased, with a claimed saving of over 26 per cent.

The commodity price index of the U. S. Bureau of Labor Statistics was closely watched, a corresponding index for county purchases was computed, and for the last eight months of the year county purchases were indicated as at a lower index than the bureau's.

The following recommendations were made:

1. That a joint committee on coördinating purchases be created between the city, county, board of education, and university, for the purchasing of all large purchases where by combined quantity large savings can be made for each. This has already been done in Cincinnati.

2. That there be established by joint agreement between city, county, board of education, and university a joint testing laboratory at the university. Such arrangement would be economical for the three governmental units and would be a valuable piece of work for the university.

3. That the charter commission to be elected at the August primaries under the county home rule amendment consider the advisability of the entire centralization of all county purchasing.

*

Memphis City Government Contemplates Research Bureau.—Mayor Watkins Overton of Memphis, Tenn., has announced that the city government is considering the establishment of a municipal research bureau, to gather information for assistance to officials in preparing budgets, instituting economies, dealing with tax delinquencies, drafting legislation, etc. Comparison of costs and systems in Memphis with those in other cities would be one of its principal functions.

It is expected that the bureau would have its headquarters in the city-county building and would include to some extent the function of a municipal reference library. Unemployed research and library workers might be drawn upon at present in getting the project under way.

Memphis has seen much activity in civic education of a practical, informal sort, the city government taking pains to make municipal affairs more fully understood by the citizens. At present a fifteen-minute radio talk is given every Sunday night over WNBR by city employees and officials, explaining the work of the various departments and other aspects of municipal government; and short talks are also given from time to time over station WMC. When tax delinquencies mounted some time ago special efforts were made to bring home to the taxpayers the benefits received from taxes and notable improvement in collections resulted. The projected research bureau is another example of intelligent effort to make the municipal government efficient, responsive, and understood. Much of the development along these lines has been due to Mayor Overton and to Ralph Picard, administrative assistant to the city commission.

New Department on County Government Starts in this Issue

NATIONAL MUNICIPAL REVIEW

MAY · 1934

Too Efficient Government -- EDITORIAL

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THE LEAGUE'S BUSINESS

Conference of Citizen's Councils in Kansas City.—Members of citizens' councils in the middle west and those interested in forming such councils are cordially invited to attend a citizens' councils conference at the Baltimore Hotel in Kansas City, Missouri, the afternoon of May 25.

The Committee on Citizens' Councils is meeting as an associate group with the National Conference of Social Work, which will hold its convention the week of May 20-26. There will be a citizens' councils booth at the Consultation Center at Ararat Temple throughout the week.

Governor Landon, of Kansas, will speak on constructive economy in state government at the Friday session. Carl H. Milam, secretary of the American Library Association, and Lee F. Hanmer, director of the Department of Recreation of the Russell Sage Foundation, will lead discussion of the work of citizens' councils. Howard P. Jones, director of the Committee on Citizens' Councils, will be chairman.

* * *

Western Conference on Government.— The Western Conference on Government, held March 28-30 at the University of California, Berkeley, was an outstanding success. Approximately seven hundred persons attended the conference. It is interesting and significant that nearly all the members of the National Municipal League on the west coast were present.

* * *

Radio Program.—We list below the last six broadcasts in Series VII of our radio programs on "Reviving Local Government."

May 15—"Schools for Municipal Officials." J. Boyd Thacher, Mayor of Albany, N. Y.; Albert H. Hall, Director, Bureau of Training, New York Conference of Mayors; Morton L. Wallerstein, Director, Virginia League of Municipalities.

May 22— "News From the South." J. Fulmer Bright, Mayor of Richmond, Va.; William B. Harrison, Former Mayor of Louisville, Ky.

May 29— "The National Administration and Local Reorganization." George F. Milton, President and Editor, The Chattanooga *News;* Arnold Bennett Hall, Director, Institute for Governmental Research, Brookings Institution.

June 5— "The Schools in Local Revival." George F. Zook, United States Commissioner of Education; C. R. Mann, Director, American Council on Education.

June 12— "The Voter and Local Revival." Miss Katharine Ludington, Chairman Finance Committee, National League of Women Voters; Frank Kent, Vice-President, The Baltimore *Sun.*

June 19—"What Are the Prospects?" Thomas H. Reed, Chairman, Committee on Citizens' Councils for Constructive Economy; Frank H. Morse, Lehman Bros., New York; Howard P. Jones, Secretary, National Municipal League.

* * *

International Union of Local Authorities.—We note with great interest that the International Union of Local Authorities will hold its conference at Lyons from July 22 to 29. This conference is under the patronage of the French Government (Home Office and Ministry of Public Education and Fine Arts) and of the Municipality of Lyons and is organized with the coöperation of the Union des Villes et Communes de France. Two important questions in the field of local government will be discussed, the teaching of municipal government as a science and the collection and treatment of home refuse.

Howard P. Jones, *Secretary.*

Editorial
Comment
❖
May

NATIONAL
MUNICIPAL REVIEW

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Too Efficient Government

In a check-up of the effectiveness of city manager government in a western city recently, the writer interviewed newspaper editors and reporters, leading attorneys, other professional and business men, policemen on their beats, taxi drivers, news-stand operators, and restaurant and hotel men. There was but one criticism of the administration. It was *"too efficient!"*

The incident tells its own story and carries its own implications to hundreds of municipalities in the United States where hard pressed taxpayers are finding only too difficult the job of forcing local political machines to deliver a dollar's worth of service for a dollar's worth of taxes.

It also carries an important warning to city managers who are doing a business-like job, lest their governments become so efficient as to lose the human touch. Little did Lord Bryce or the reformers of the nineties think that within the lifetimes of some of them might be witnessed the beginning of a transformation which would necessitate the warning, "Don't be too efficient." Yet it is important for government officials, interested in doing an effective piece of work, to remember that the public which they are serving is an aggregate of individuals and that the unit in this mass is a most human sort of creature.

In New York City the other day a policeman arrested a mother and small boy because the boy had torn up a bit of turf in Central Park with his toy hoe. Direct result: they both spent the major part of a day in jail. Indirect result: everybody in town resented the too literal enforcement of the law. The policeman had been efficient. He had forgotten to be human.

In justice to the manager city where the criticism referred to at the beginning of this article was voiced, the rest of the conversation should be related.

"You know, we folks out here like to take our time about things," the critic continued. "In the old days we used to be able to drop over to the city hall, put our feet up on the desk, smoke a cigar, and pass the time of day. We can't do that any more. They're all as busy down there as if they were running a factory."

He didn't mean to, but he paid that government a remarkable tribute. He had forgotten for the moment that he had been paying a high premium on his tax bill for the privilege of putting his feet on a city hall desk and smoking a political stogy. His taxes had come down. He no longer was buying tobacco smoke and idle conversation!

66,000 Stenographers

The United States Government recently held civil service examinations for the position of stenographer. Dr. Leonard D. White, recently appointed civil service commissioner, who perhaps has made more intensive studies of public personnel than any other man, reports that 66,000 persons took that examination!

The labor of checking over 66,000 examination papers is enough to appall even the most efficient of college professors. It will, of course, take months to grade these papers, classify them, and turn the results over to the federal service. It costs a good deal to hold the examinations alone without considering the labor involved in making them of some practical value. All this, of course, in the effort to locate a few thousand efficient stenographers who may be within call when a hundred frenzied "new dealers" need them.

Probably not more than 2 per cent will actually obtain jobs with the federal service. Yet 66,000 had to be examined to locate that 2 per cent! This seems to involve a lot of labor, yet the results may be worth it.

One of the ridiculous aspects of the personnel problem, however, becomes apparent if we remember that practically every branch and unit of government insists upon doing its own examining. Professor White suggests that, once a standard has been set for a stenographic position, there seems no reason why one unit of government cannot do the examining for all the others. If the federal government is holding examinations in New York City, for example, why should New York City go through the same motions and examine the same people three months later? Or vice versa.

Certainly there exists great opportunity here for coöperation and elimination of useless expense. Even assuming the qualifications should be slightly different—that New York City, for instance, insisted upon brunettes, and Newark would have none but blondes—the problem of classification would not be insoluble. But given Blonde Stenographer B, living in Newark, N. J., it seems rather silly that she should spend government time and money, not to speak of her own time and money, taking first, a federal examination, second, a New York State examination, third, a New York City examination, fourth, a New Jersey examination, fifth, a Newark examination, and so on ad infinitum and ad nauseum. Of course, it does help solve the problem of her leisure time!

New Department on County Government

With this issue the National Municipal Review launches a new department on county government. The last stronghold of the spoils politician, county government is at last beginning to yield to the pressure of the modern reformers who believe that the public business can be and should be as efficient as private business and that a properly executed budget system is far more important to democracy than a whole salvo of slaps on the back. Four counties—two in Virginia and two in California—are now operating under fairly satisfactory manager plans and a dozen or so others have experimented with the possibilities for greater efficiency that come with centralization of authority and responsibility. Critical scrutiny of county government is one result of the depression in at least half the states of the union.

It is probable that as much will be heard of the county manager plan in the next two decades as has been heard of the city manager plan in the past two decades. Certainly county government must be made efficient if it is to survive. Review readers will be interested in the more detailed and systematic reporting of progress in this field that will result from the establishment of the new department. It will be under the editorship of Dr. Paul W. Wager, professor of rural sociology at the University of North Carolina, author of "County Government in North Carolina", and one of the leading authorities in this field whose name is well known to Review readers. Correspondents in all the states are being appointed. It is hoped this new department will render real service in stimulating progress in county government.

The Western Conference on Government

In the professionalization of the public service and the increased prestige value of working for the government lies the real hope of maintaining the gains so far made in the improvement of local government. Citizen action is necessary to bring this about—citizen organization is essential to protect it in its early stages. Once fully developed, like a plant in its fight against weeds, it will be able to protect itself.

Tangible evidence of the progress that is being made in this direction came through the Western Conference on Government held at the University of California March 28, 29, and 30, whither nearly seven hundred citizens, public officials, and representatives of western civic organizations flocked to discuss the developing problems of an expanding public service.

The following national organizations participated in the conference in addition to the National Municipal League: American Legislators' Association, American Municipal Association, American Public Welfare Association, Bureau of Public Administration of University of California, California City Managers' Association, Governmental Research Association, International City Managers' Association, League of California Municipalities, Municipal Finance Officers' Association, National Association of Housing Officials, Public Administration Clearing House, United States Conference of Mayors, and Western Regional Civil Service Conference.

Interest in the improvement of state and local government through reorganization and the adoption of more efficient methods of administration is at white heat in the west. In Texas, for instance, adoption by the electorate of a constitutional amendment giving counties sweeping home rule powers of reorganization has stimulated wide public interest in the possibility for constructive economy through elimination of waste in the county machinery. In California, a few conspicuous examples of well administered cities and counties are showing citizens what can be done if sufficient effort is put forth.

The program was divided between joint sessions for all the organizations participating in the conference and group sessions.

Prof. Samuel C. May, Director of the Bureau of Public Administration at the University of California was general chairman in charge of the conference.

H. P. J.

HEADLINES

"In North Carolina," a Southern educator acridly points out, "every city has its schoolhouse and its lockup. Every county has its schoolhouse and its jail. The state has its university and its penitentiary." Statistics reinforce the point in this particular state by showing that in numbers the present attendance in the state university and the state penitentiary is practically the same, each having approximately 2,600 patrons. Nevertheless, why pick on North Carolina? A New York convict recently put the case for the Empire State, "I've had a good training for crooking," he said. "Protectory, Elmira, and Sing Sing. Just like grammar school, high school, and collitch. See?"

* * *

On the other hand, consider the New York Public Library's "Book Wagon", which furnishes a non-institutional but highly educative service in the outlying districts of the Bronx. This wagon, according to a recent report, travels an average of 90 miles to serve 14,879 readers weekly. It averages 21 stops, to care for a circulation of 2,000 volumes each trip.

* * *

The Book Wagon is one answer to the comment of R. L. Duffus in "Our Starving Libraries", that "The depression years have been full of irony, but they have yielded nothing more ironical than the country-wide slash in library budgets which has accompanied the equally wide spread demand for library services."

* * *

Lexington, Kentucky proudly assails the fourth year of the depression with decreases in tax assessments of 10.6%, in budget expense of 16%, in tax rates of 10.85% and in total revenue of 15%. Lexington collected 96.12% of its tax levy for 1933.

* * *

"A new type of county government under home-rule provisions for growth and development is possible and probable within a comparatively short time," says Edwin A. Cottrell of Stanford University. This would be good news indeed to the despondent citizens of many states, if only their state legislatures were let in on the glad tidings.

The city council of Evanston, Ill., unanimously declares in favor of adopting the council-manager plan and of consolidating the three school districts with the city government. Mayor Speer of Wilmington advocates adoption of the manager plan, and citizen organizations in Mount Vernon and Yonkers, New York, have inaugurated movements to install city managers.

* * *

Berkeley, Cal., again is held up to the admiration of all Britishers by C. Montague Harris, O.B.E., who last fall named Berkeley as one of the two best governed cities in the United States. Writing in the March issue of *London* he says "a personal investigation of its (Berkeley's) administration gives the impression that it can justify this claim."

* * *

In a less conscious way, English municipal authorities pay tribute to another American contribution to municipal efficiency—a very minor contribution, but a colorful one nevertheless. The Municipal Journal and Public Works Engineer of London writes glowingly of the new device of "Voice-Writing," by which municipal inspectors can dictate notes and comments to a machine while riding around on inspection tours in their automobiles. Then the records may be copied at leisure when the trip is over. To the Yankee reader the device at once reveals itself as simply the adaptation of the familiar dictaphone to automobile use—a short-cut in record making with which American inspectors have long been familiar. Nevertheless, it's always a pleasure to add to British municipal lore even in a petty detail. Opportunities are not frequent.

* * *

The same British journal complains of the difficulty of arousing the electorate to its duty. In recent elections, it says, the voting for certain county offices was as low as 5% and 10% of the qualified voters. This seems strangely American!

* * *

Two hundred and twelve American cities now have automobile police patrols, according to a recent radio broadcast by Chief Richard W. Morris of the Geneva, New York, Police Department. Of these, 68 cities have radio equipped cars through which they maintain contact with their headquarters and with the state police systems. Offsetting our advances in thief catching, Chief Morris believes, is our backwardness in crime prevention and in police training. Only twenty-nine out of 300 cities reporting have organized crime prevention work, and only 85 of the three hundred have systematic police training.

* * *

Buffalo and Erie county, New York, have inaugurated vigorous spring "Pay-Your-Taxes" campaigns.

E. M. B.

Public Bodies and the P. W. A.

The "New Deal" creates new municipal opportunities

HENRY M. WAITE

Deputy Administrator, Federal Emergency Administration of Public Works

THE purposes behind the appropriation of the $3,300,000,000 by Congress for public works can be summarized under two general headings: first, to put people to work, thereby relieving unemployment and putting purchasing power in the hands of those employed; and second, the construction of economically sound and socially desirable public works. While both of these general purposes were given due consideration, sometimes the first would receive major emphasis and other times, the second.

It was found that a major necessity was to put people to work quickly. This could not be accomplished by the necessarily slow process incident to loaning money on good securities to public bodies such as cities and states. Therefore, in the interests of relieving unemployment quickly, money was rapidly allotted to federal agencies which, in the main, were ready to start work without great delay. In addition to approximately $1,380,000,000 allotted to federal agencies, there have been statutory and executive allotments, totaling over $1,100,000,000, including such sums as $400,000,000 to public roads and an equal sum to the CWA. The records, therefore, show that there was, up to April 4, approximately $793,000,000 allotted to non-federal projects, including railroads and housing. Of this amount over $434,500,000 was allotted to states and municipalities and over $114,000,000 to other public bodies for Public Works projects.

In the beginning there was quite a hesitancy on the part of public bodies to file applications because of the lethargy incident to depression and the rather decided public opinion against increasing debt, which meant increasing fixed charges, thus adding to the tax burden. Due, however, to the growing sentiment toward working together to pull America out of the depression and the realization of the necessity for public improvements, there was quite a general change in sentiment on the part of public bodies. Applications began to pour into the offices of the state engineers and, in turn, into Washington in increasing volume. The result was that sufficient applications had been approved in Washington by January 1, so that all remaining PWA funds were allotted. Many applications were left over, and they continued to pour in with the result that the administration at Washington sent out word early in February that no further applications would be received since there were requests for loans and grants far beyond any immediate prospect of appropriation from Congress. It was felt unfair to permit prospective applicants to go to the expense of applying for loans when there would be little likelihood of money to fill the requests. Allotments since January have been made from rescinds of previous allotments where states or municipalities or other borrowers were unable to meet the requirements.

Putting people to work through the process of loans to public bodies involves three rather distinct steps. First, there is included an application for a loan or grant, examination of the application, and allotment. Second, includes the preparation of bond contract or grant agreement and execution of this instrument by both the borrower and the administrator. This step also includes the preparation of plans and specifications on the part of the borrower and approval by the state engineer. Third, includes the calling for bids, letting of contracts, and the entering into actual construction work.

ALLOTMENTS NOW ASSIGNED

In relation to the present appropriation, we are entering into the last stage of the Public Works program in so far as public bodies are concerned, with construction contracts being signed and work getting under way throughout the country. Allotments have already been made to public bodies for the construction of over 2400 projects. There have been 728 construction contracts and force account jobs put into operation. It is estimated that within three months a maximum amount of work will be in process on non-federal projects.

A total of over 8200 applications have been filed for non-federal projects, a small percentage of which is for private loans. Many applications are found not eligible either for financial or legal reasons. Work is going steadily forward to sort out from the remaining applications the ones that will meet requirements of eligibility so that prompt advantage may be taken of any new appropriation made by Congress.

In dealing with the question of loaning money to public bodies it was realized there were many obstacles to overcome and many problems to meet. We have found many applications that would not meet the requirements of the Public Works Administration, due either to their failure to qualify as socially desirable or economically sound, or where the financial condition was such that the public body was unable to present securities which were acceptable. This latter condition has been the subject of a great deal of difference of opinion, and in many instances brought considerable hardship. It was often the fact that where unemployment was the worst, and where the need for public improvement was most urgent, the community's financial condition would not enable it to issue acceptable security.

There have arisen, of course, many differences of opinion as to the fairness and applicability of policies adopted by the Public Works Administration; but in general, there has been excellent cooperation on the part of borrowers. The 30 per cent grant has, in the main, been a boon to the whole program in that it has enabled public bodies to conform to the regulations and yet construct public works under conditions which would not increase the local debt burden as much as would have been the case had the bonds been sold on the open market.

POLICY OF THE PWA

Dealing as we have with the problem of loaning money in accordance with the terms of an act of Congress to public bodies controlled by varying laws throughout the length and breadth of America, and subject to many gradations of eligibility, Public Works policy has necessarily had to be a progressive unfoldment, yet with maintenance of fundamental uniformity. It was necessarily a slow process. The government had to have good security which has necessarily eliminated many desirable

(Continued on Page 251)

The New Role of the Public Administrator[1]

A changing world brings changing tasks

LOUIS BROWNLOW *Director, Public Administration Clearing House*

It would be interesting to go back to the very beginnings of our American life and trace the course of events which from time to time have changed the character, but always have enlarged the amount, of the work that the republic has required of its administrators, whether federal, state, or local. But there is not space for that, so I shall content myself with only a rapid glance backward through the years since the beginning of the twentieth century.

When the new century dawned, McKinley had just been re-elected. People by their suffrage had just confirmed their decision of four years earlier that the United States was forever a gold standard country. Queen Victoria still reigned and in her own person represented the seemingly immutable permanence of all that economic and social structure that the nineteenth century had developed after the crash of the Napoleonic empire.

In our own country the frontiers had not yet closed, and many victims of the depression of 1893 were building new homes and new fortunes on the free and open lands of Oklahoma.

Our ports were wide open to floods of immigrants who came to do our heavy work. The railroads dominated our transportation system and determined the tides of changing population; and we were content, sure of our gold dollars and our steel rails, to go on to bigger and better things.

Many things have happened in that thirty-three years. The motor car, then a toy, called into being a network of free highways. The clash of national interests involved us in the World War and a world economy, and then with all the world we crashed into the depths of the deepest depression we have ever known. Whether or not we would have changed our minds, our minds have been changed for us, and many other things have changed also—even the gold dollar.

If we review the task of the public administrator in relation to these great and deep changes, we may see him always responsive to the public opinion of his time, engaged in his daily work of carrying on the mandate of the people. The people have decided what they will have government do for them, sometimes formally in election; more often, especially in later years, informally by the day-to-day pressure of popular opinion.

At first the public administrator was chiefly concerned with materials. It was his task to build bridges and to dig canals, to plan and construct highways, to design and build public buildings; even to go further and to attempt in city planning and zoning to control in a measure what private builders were constructing. The growing country demanded physical facilities of its government, and the unceasing springs of financial credit seemed destined never to run dry. It was a lush, free period and there was little counting of the cost. What the people wanted was more and better and bigger improvements, and the public administrator delivered the goods.

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[1] Address delivered before the Western Conference on Government, Berkeley, California, March 28, 1934.

AN ACCOUNTING NEEDED

But then the people began to see that it was they, after all, who would have to pay the bill, so they demanded of the public administrator that he concern himself with that phase of the problem. Thus the public administrator shifted the emphasis to money. Public accounts modelled on the bookkeeping system of a cross-roads country store were brought into conformity with better theories of accounting, and budgetary procedure set up, not only as a method of control in the interest of efficient and economical public expenditure but, so great was the emphasis on money, often the budget came to be considered not merely as a means but as an end in itself, and the phrase, "balancing the budget," came to have the sacredotal importance of divine utterance.

As the public administrator shifted his emphasis from materials to money, he could not drop his concern with materials. He was compelled to go on operating and maintaining the physical plants that had been erected, and, even at a diminished speed, with building new plants. The difference was that now he was counting the cost not only of the dollars but of the pennies—he was concerned with the elaborate technical processes of financial control, which inevitably lead to measuring all things governmental with a yardstick made for units of dollars. So far had this emphasis on money in public administration affected not only the action of public administrators but the thinking of the general public that, when the crash of 1929 came and the country started its long slide into the deep pit of the depression, but one principal remedy, so far as government was concerned, was considered applicable. It was to reduce the burden of taxes by reducing the public budgets. Public administrators and the people alike had thought so much in terms of money and of materials that they had forgotten the importance of the social services represented by those self-same budgets.

A NEW TASK

But now we see another shift in emphasis. The public administrator is now concerned not chiefly with materials, not chiefly with money, but principally and predominantly with men—not merely the men he used to produce, assemble, and fabricate the materials that went into physical plant; not merely the men from whose incomes he took toll in taxes to pay for building and operating this structure—but men as human beings. The new task of the public administrator is to consider not only how much of the income of this man and that can be brought into the public treasury in taxes; but whether that man has any income at all, and whether it is sufficient to maintain him and his family in the enjoyment of that standard of living which we still like to call the American standard.

ABUNDANCE FOR ALL

We have material—plenty of it; some say too much and some say that we must restrict and reduce the production of materials. We have money—plenty of it; some say too much and that we must restrict and reduce its amount, especially when we measure its amount in the term of debts. We have men—plenty of them; but are we willing yet to say too many? Certainly we have millions of men without incomes. We have millions of men who depend today for food and clothing and shelter upon the extraordinary efforts of government, which in this respect ignores the process of budget-balancing, to save their lives. In the midst of plenty we are hungry, cold, and roofless.

We are determined, I think, although we may not yet fully agree as to means and methods, to concentrate all our efforts on redressing this balance and striving to establish an equilibrium of production and distribution which will restore, or perhaps it would be better to say, will bring for the first time into universal reality that ideal which we know as the American standard of living. Differ as we may with respect to the means and methods, we have come to be all but unanimous in the conviction that the principal agency through which this equilibrium may be established is that of government. We are all but unanimous, I think, in the conviction that the government will succeed or fail in respect of its part of this task in proportion as it is able efficiently and effectively to translate into the terms of the everyday lives of the people through administration the policies that have been arrived at as the result of discussion and political action.

THE ADMINISTRATOR'S JOB

This puts the job squarely up to the public administrator and as he faces it he must realize that his responsibility no longer can be determined by the narrow bounds of a political geographical unit or a particular function of government. At the very beginning of the crisis, the whole business of relief of the unemployed was put squarely on the door-step of the local unit of government. That unit of government was not able to support, either with money or with personnel, even the emergency needs, and so the state had to come in. The states, or most of them, also were unable to meet the demands, and the federal government had to come in.

Traditionally, it was the business of private enterprise to furnish jobs for workers, but as the depression deepened it became a task, first for local, and then for state, and then for federal government. When the federal government did come in, it came into a relation with private business such as no local or state government ever dared to attempt.

CHANGING EMPHASIS

I have been attending most of the conventions of the International City Managers' Association since 1920. It is an organization made up of competent and devoted public administrators why by necessity have been perhaps less narrow in respect of the functionalism than some other organizations of public administrators. It has been interesting to watch in the conventions of this organization the changing character of the tasks of public administration. In 1920 we were building new streets and highways to attract to our towns new industries. In 1926 we were balancing the budget by a curious and ingenious system of bookkeeping that permitted us to borrow billions for new construction. In 1931 and since we have been concerned not only with such elemental problems as are involved in feeding the hungry and clothing the naked, but in how to maintain those social services of government which are expected to provide those elements for the protection of health, life, and property; for the education and recreation of the people, without which the urban American standard of life is meaningless.

The new task of the public administrator above all else, then, is to concern himself with human relations, with human values, with those deeper economic, social, and spiritual needs of the human beings whose government, in its administrative branch, he represents.

If he is to find some measure of success in his new task, the public administrator inevitably will sustain a new relation to the people. He will be less and less a governor in the sense of a ruler enforcing decrees and mandates, and more and more a public servant in the sense that he will be the manager of an enterprise which furnishes indispensable social services that the people require and must have.

He will be less and less regarded as an agent solely of some particular geographical unit such as a city, a school district, a county, a state, or even the nation. He will be more and more looked upon as a man charged with responsibility of coördinating, through processes of coöperation, the activities of all levels of government that affect men, women, and children in their everyday family life. In short, he will be the representative on the administrative side of a more socially-minded government that is rapidy becoming less partisan and factional, less legalistic and very much more technical. He will become less and less the amateur and more and more the professional. He will be decreasingly concerned with patronage and spoils and increasingly concerned with service. He will be more of a success and less of a failure in proportion as he is able to command and utilize broad knowledge, deep understanding, and human sympathy in a synthesis of social wisdom.

But whether he succeeds or whether he fails the part that he will play upon the stage of public affairs will be a more prominent part than that for which he has been cast in the past. The immediate future, then, presents both a challenge and an opportunity to all who are interested in public administration, either as practitioners or as advisers.

For whether we will or not, we are faced with the necessity of making a supreme effort to reshape the social order so that we will not longer starve in the midst of plenty. And whatever plans we make to that end, however wise may be the policies determined upon, the task of carrying them into effect is the new task of the public administrator.

PUBLIC BODIES AND THE PWA

(Continued from Page 247)

projects. This could not be avoided. Nevertheless, it has been possible to distribute the allotment to public bodies fairly well over the entire United States.

There have arisen out of Public Works certain definite lessons, some of which are being taken advantage of by steps toward correction. It was found that many projects for which applications were being made were not properly planned within themselves, nor did they have any relationship to broad areas of planning. Planning, therefore, as a nation-wide endeavor has taken definite form, and the National Planning Board has for its purpose the promotion of planning public works not only locally, but as a coördinated scheme throughout the country.

Public Works is having the effect of developing better standards of municipal finance as well as making valuable suggestions along the line of better municipal accounting. Certainly it has brought definitely to public bodies a higher regard for official accountability and conformity to good standards in order that future requests for loans, whether through governmental agencies or private sources, may find their securities such as will compel recognition.

In order to give some idea of the several classes of expenditures for which borrowers have requested money, and for which allotments have been made up to April 4, the following classification of non-federal projects other than railroads and housing is of interest:

Character	*Number*	*Allotment*
Waterworks	589	$ 70,802,901
Sewers	400	133,305,045
Schools	465	73,772,106
Streets & highways	319	38,905,196
Bridges & structures	101	153,953,311
Hospitals	99	20,159,950
Other buildings	211	24,466,939
Power	54	25,054,900
Recreation	15	2,411,900
Miscellaneous improvements	89	27,667,185
	2354	$570,499,433

Legislative Oligarchy Handicaps New York Governors[1]

An analysis of the chief executive's influence upon legislation in the Empire State through the years

RUSSELL McINNES

Member Legislative Committee, Citizens' Union of New York

IN THE popular mind the governor of New York is pictured primarily as the chief executive of the state. Little real regard has been given to the fact that both under the state constitution and through a process of gradual evolution the governor has tended to become more the legislator and less the executive. From the adoption of the first New York State constitution in 1777 the governor has played an increasingly important part in the law-making process. In that document he was charged with the duty of informing the legislature at every session of the condition of the state and of recommending such matters to their consideration as should appear to him to concern its good government, welfare, and prosperity. Furthermore, the governor was given the power to veto legislation in conjunction with a council of revision of which he was a member. In 1821 the council of revision was abolished and the power of veto was vested in the governor alone. Under the present state constitution which was adopted in 1894 the legislative power of the executive was further increased for it was provided that during extraordinary sessions of the legislature no subject might be acted upon unless it was recommended by the governor for consideration.

Circumstances, too, tended to increase greatly the prestige of the office of governor. Unlike the conditions under which the first constitution was framed, when the fear of executive usurpation was rampant, certain developments in the legislature during the nineteenth century caused the people to turn to the governor as their champion in a struggle against corruption among the legislators and a growing unresponsiveness to public opinion.

Today the governor is in a paradoxical position. While he may and does recommend the passage of laws in his messages to the legislature and often accompanies his messages with bills which are drafted under his supervision, his responsibility for the enactment of legislation has never been coupled with sufficient power to bring his proposals before the entire legislature for discussion and a vote. In fact, a study of the last twenty-five years of the legislative relations between the executive and the legislature reveals the fact that often the governor proposes but the legislature disposes. In the period from 1907 through 1931 (Governors Hughes through Roosevelt) of a total of 1320 recommendations made in the messages of the governors 43.6 per cent were adopted by the legislature, 22.2 per cent were wholly ignored, and the remaining 34.2 per cent failed of enactment.

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[1] The recent dramatic conflict between Governor Lehman of New York State and political party leaders for control of the legislature focusses attention upon the developing control of legislation by the governor. Mr. McInnes has made a comprehensive historical study of the governor's influence upon legislation in New York State, a summary of which, together with his conclusions, is contained in the accompanying timely article.—EDITOR.

In comparison with the total legislative output during this same period it would appear that the governors' contribution was slight indeed. For instance, the total number of laws passed in response to the proposals of all of the governors during the entire twenty-five years was less than the number of laws enacted during a single session of the legislature. In 1907, seven hundred and sixty-four laws were passed. The total number of laws resulting from the governors' recommendations during twenty-five years was 575. During this same period 82,924 bills in all were introduced into the legislature. Of these, 1,027 or 1.2 per cent were introduced in response to the governors' proposals. Of the total number of 18,379 laws which were enacted by the legislature in the same period only 3 per cent of the total were passed in response to the governors' proposals.

THE GOVERNOR SPEAKS FOR THE STATE

The importance of the governors' proposals does not lie in their number but in the character of the recommendations themselves. The governor through his messages speaks for the interests of the state at large. The great bulk of the legislation which is introduced by the members of the legislature independently of the executive is drafted in the interest of legislative districts or of individuals. In contrast, the governor's program, as contained in his annual and special messages to the legislature, is devoted essentially to a discussion of the major problems affecting the welfare of the people throughout the entire state and to the making of recommendations which are to be enacted into law by the legislature. This program is based in part on the political platform recommendations of the party of which the governor is the outstanding leader and in part on the policies of the governor developed independently of the party platform. It is interesting to note in passing that the party platform has accounted on an average for about one-fifth of the proposals contained in the messages of the governor. In other words, the governor has not been content to pass the party platform over to the legislature for consideration but he has been diligent of his own initiative in proposing legislation. And the legislature in turn has adopted more of the governors' proposals made independently of the party platform than of the platform recommendations contained in the governors' messages.

THE LEGISLATIVE COMMITTEE

All bills when introduced in the legislature are referred to committees which are given the power of life and death over all measures. It would be physically impossible, of course, for the leglature as a body to consider every measure introduced during the session. Some weeding out process is necessary. But there is every reason for not subjecting the measures introduced in behalf of the governors to this procedure.

In the first place, the importance of the governors' proposals, affecting as they do the welfare of all of the people of the state, entitles them to a full and fair consideration by all of the members of the legislature. Experience has demonstrated beyond a reasonable doubt that no such treatment has been accorded the recommendations made by the governors. Not only have over 20 per cent of the governors' proposals been ignored by the leaders of the legislature, but in those cases in which bills were introduced but failed of enactment over 60 per cent were killed behind the closed doors of the legislative committees. In only 25 per cent of the instances in which the governors' bills were defeated was there any attempt permitted to force the committee to report the bill out for debate and a record vote. And in each of these cases the attempt was defeated by the order of the party leaders in the legislature.

Furthermore, the recent disclosure of influence exerted by powerful private interests on certain legislative committees makes it extremely unwise to continue in the hands of the committees practically complete jurisdiction over matters which affect so vitally the public interest. It is to be borne in mind that the great majority of the governors' proposals are of this type. To attempt to list the proposals of economic and social reform initiated by able and enterprising governors, which in session after session were quietly killed in committee in the legislature, would serve no useful purpose. Year after year, however, bills were introduced into the legislature at the beginning of the session but they failed with clock-like regularity to emerge from the committee rooms during the session. And nothing that the governors could do under the present procedure ever varied the result. Nor was any explanation given by the members of the committees for their opposition to the governors' proposals.

MORE POWER FOR THE GOVERNOR

In the light of this startling record it is perfectly evident that the time has come when the measures sponsored by the governors should no longer be subject to the ruthless domination of a legislative oligarchy acting in secret and responsible to no rules but its own. The action taken by the committees of the legislature during this period have resulted not only in sinking the reputation of the New York legislature as a deliberative assembly to a new low level but in preventing any really effective exercise of executive leadership in the interests of the state at large. Even one of the strongest of governors—Alfred E. Smith, who, incidentally, was the only four-term executive in the history of the state—could gain few outstanding legislative victories under this system. His messages contained 558 proposals of legislation during his terms in office or 42 per cent of the total number of recommendations made by all of the governors between 1907 and 1931. During that time he succeeded in gaining the enactment of 33.5 per cent of his proposals into law. And Governor Hughes, who was the most successful of the governors during these twenty-five years, had 56.5 per cent of his recommendations adopted by the legislature.

GIVING PUBLIC OPINION A CHANCE

If the efficiency of the governor as a leader in legislation is to be appreciably increased, the law-making process in so far as it affects his measures, must be brought into the open, there to be conducted under the watchful eye of an informed public opinion. Full opportunity for debate and the recording of the votes of all of the members of the legislature must be given. It is apparent that the present system of government by legislative committee has resulted only in the perpetuation of a system of invisible government that is detrimental to the public interest. In its origin a procedural creation designed to fit the needs of a newborn state, it has failed to meet the tests imposed by complex and industrialized civilization.

The solution, then, naturally follows from the nature of the problem. The writer suggests that the state constitution be amended to provide for the creation of an advisory executive council who shall assist the governor in the formulation of a legislative program for presentation in his annual message to the legislature. The council shall be composed of members of the legislature

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The New Roof Over German Local Government

Interference with local initiative likely result of developing doctrine of state dominance

FRITZ MORSTEIN MARX

Formerly General Commissioner for the Unemployed, State Public Welfare Department, Hamburg, Germany

THE student of German government will inevitably fail to grasp its full significance if he overlooks two facts of paramount importance. First, the pattern of political integration has found its spiritual synthesis in the field of administrative rather than constitutional law. The constitutional document which Bismarck's statesmanship produced after France's defeat in 1871 was conspicuously bare of anything which could be termed a logically developed state doctrine; its strength lay in its subtle implications, concealed among pronouncements which originated from the necessity of making the new Reich, symbol of Germany's regained unity, acceptable to her many sovereign princes.

Its successor, the Weimar constitution of 1919, approached the task of democratization almost exclusively from the legislative angle; moreover, while it elaborated the formal aspects of democratic rule it fell short in its attempt at circumscribing the substance of democracy by oscillating, in its "bill of rights", between outspoken socialism and moribund *laissez-faire* liberalism. Meanwhile German administrative law had, in unbroken continuity, accomplished a much more definite and satisfactory balance between the necessities of community control through executive action and the citizen's interest in a ready device for his protection against undue or arbitrary interference. The *Rechtsstaat* theory which subjected public administration in its various appearances to the potential test of legality before independent administrative courts, represents a far greater contribution to the final coinage of modern German government than any profession of the Weimar constitution. And second, German administrative law is closely interwoven with the manifold forms of autonomy, among which local government ranks first. But it might well be recalled that the various branches of social insurance are also administered by autonomous bodies under the mere supervision of the Reich. The abundance of striving corporate units in German public life is one of the major causes for the early mitigation of the rigidly centralistic Prussian tradition.

Industrialization tends to shift the center of political gravity toward the urban settlement. The municipality becomes a matter of national concern. At the same time, the state grows conscious of its responsibility for the maintenance of economic peace and the prerequisite equilibrium between production and consumption; social politics, on the other hand, affect primarily the city population. Furthermore, industrial regionalism all too often does not coincide with inherited political subdivisions. Under the federal form of government the difficulties arising from this situation are accentuated by the fact that local government lacks constitutional representation at the national capital; the states exercise a firm grip even over large metropolitan areas. In the face of continuously growing need for closer collaboration between the central authority and local government it is but natural that a remedy was sought through the establishment of semi-public organizations which acted as local government's spokesmen in Berlin.

BEGINNINGS OF CHANGE

The first liaison agencies were founded before the world war. The years of pressing emergency from 1914 to 1919 emphasized the indispensability of direct contact between the national government and the municipal and rural authorities, particularly in the field of relieving destitution and administering the shrinking supplies for army and civil population.[1] During this time of utmost strain the Assembly of German Cities (*Deutscher Städtetag*) rose to prominence.[2] But in its relationship with the central departments of the Reich which virtually initiated national legislation under the Weimar constitution it was only *primus inter pares*. The official rules of ministerial procedure[3] provide that drafts of statutes and important ordinances shall, as a rule, be discussed with the "national representations"[4] of cities, *Landkreise* and *Landgemeinden*, i. e. organs of rural government.[5] True enough, the *Deutscher Städtetag* especially has been, throughout the period since the end of the war, "in the forefront of the struggle for municipal self-government",[6] above all in meeting the challenge of the depression.

Whenever a national party wins uncontested hegemony in national affairs political unitarianism will receive powerful stimulation. The national socialist party grew to omnipotence at the end of a period of alarming political decline—a decline which, although only the ultimate aftermath of Versailles, was signified by disastrous party feuds, morbid antagonism between the Reich and the states, and smouldering hostility between labor and industry. The Third Reich's claim to totality reflects this unfortunate experience. Fascist Italy has not hesitated to substitute the *podestà* as the representative of the central authority for local self-government as such. Does Germany intend to imitate the Italian model?

REORGANIZATION AT THE TOP

The act on the *Deutscher Gemeindetag* of December 15, 1933,[7] suggests a reply in the negative. It gives definite legal shape to a new top organization of local government and sanctions the amalgamation of the different liaison agencies in Berlin—an amalgamation which was actually brought about by the National Revolution. The *Gemeindetag* is a corporation of public law (*Körperschaft des öffentlichen Rechts*). This status can mean a privilege, bestowed in order to safeguard autonomy through the grant of certain quasi-official prerogatives which the status implies. In the case of the new "roof" representation of local government the corporate constitution signalizes restriction rather than privilege; it insures above all homogeneity with the interests of the national cabinet.

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[1] For a brief account see Roger H. Wells, *German Cities* (Princeton 1932) p. 3 ff.—This work represents a careful analysis of modern municipal government in Germany.

[2] See on the *Deutscher Städtetag* and similar agencies Roger H. Wells *loc. cit.* p. 30 ff.; Charles E. Merriam: Vol. 13 (1931) *Public Management* p. 125 ff.; Fritz Morstein Marx: Vol. 4, No. 5 (1931) *State Government* p.11ff.

[3] §27 *Gemeinsame Geschäftsordnung der Reichsministerien, Besonderer Teil* of May 1, 1924 (not officially promulgated); see Marschall von Bieberstein, *Verfassungsrechtliche Reichsgesetze und wichtige Verordnungen,* 2nd ed. (Mannheim, Berlin & Leipzig 1929) p. 473 ff.

[4] These "national representations" were *Deutscher Städtetag, Reichsstädtebund* (for the smaller cities), *Deutscher Landkreistag,* and *Deutscher Landgemeindetag.*

[5] For a description of status and functions of these units of rural government see Roger H. Wells *loc. cit.* pp. 22 ff. and 28 ff.

[6] Roger H. Wells *loc. cit.* p. 32.

[7] *Gesetz über den Deutschen Gemeindetag* (*Reichsgesetzblatt* I, p. 1065).

The restrictive character of the act is clearly indicated by a number of far-reaching provisions. The tasks of the *Gemeindetag* are precisely confined; while it has to "aid local government[8] in its work through advice and through the furtherance of an exchange of experience" it is prohibited from pressing any demands on the central authority unless "national and state departments require an opinion on questions submitted to it".[9] This subjugation will be the more effective since the *Gemeindetag* monopolizes its field: the formal dissolution of all hitherto existing top organizations of local government, including the *Deutscher Städtetag,*[10] finds its counterpart in the outlawry of similar agencies for the future.[11] As organs the *Gemeindetag* possesses a chairman, a substituting chairman, the board of directors, and various standing committees (*Fachausschüsse*) each of which devotes itself to a specific functional aspect of the diversified forms of local government. None of these positions is elective, none of them is filled by autonomous selection. The chairman and his substitute are appointed, subject to informal recall, for six years[12] among the members of municipal or rural councils by the National Minister of the Interior, while the members of the board of directors and the committees are picked by the same representative of the national cabinet upon nomination of the chairman which is, however, not binding; the latter positions are not necessarily reserved to local councilmen.[13] The organs volunteer their services in an honorary capacity.[14] Among them the chairman is the real governor (*Führerprinzip*). While the board of directors fulfills only advisory functions the chairman "acts under his exclusive responsibility".[15] He is the legitimate representative of the *Gemeindetag* and chooses its staff.[16] That the new top organization is subject to the supervision of the Reich is but the natural consequence of its status.[17] It is, however, noteworthy that the supervision not only extends to the satisfactory fulfillment of the *Gemeindetag*'s tasks but also to the fact that "its activity is kept within the field of tasks conferred upon it".[18] Of still greater importance is the continual dependence of the board of directors and the standing committees on the national cabinet; they are allowed to meet in session only when summoned by the National Minister of the Interior who arranges the order of the day and is endowed with the right to preside in person or by proxy.[19] Similar provisions affect the state or provincial sub-agencies of the *Gemeindetag*.[20]

It is not easy to predict to what an extent this scheme will prove workable. Much will depend on the role which local government is destined to play in the Third Reich, even more perhaps on the factual *modus vivendi* between the national cabinet and the *Gemeindetag*. Two implications of the act of December 15, 1933, however, stand out. First, the trend toward governmental concentration necessarily impedes local initiative. Whoever has had, through actual service, the privilege of looking upon local government from within will be well aware of the creative effect of

(Continued on Page 270)

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[8] The act says *"Gemeinden und Gemeindeverbände."*

[9] § 2 of the act. [10] § 13. [11] § 2.

[12] But not exceeding the length of their local tenure of office.

[13] §3 of the act. [14] § 3. [15] § 4. [16] § 4.

[17] § 7. [18] § 8. [19] § 9. [20] §§ 11, 12.

Requirements of New State Liquor Laws

A report by the National Municipal League Committee on Liquor Legislation

ELIZABETH LAINE — *Research Associate, The Liquor Study Committee*
LUTHER GULICK — *Director, Institute of Public Administration*

THERE are at the present time twenty-one states in which the sale of beverage liquor is still illegal. Provision, however, has been made in nine out of the total eleven which are dry by constitution for a referendum on repeal within the next year or two. There are also repeal plans in progress in several of the states where the dry law is a statutory one. Thus in Mississippi a liquor law was passed on April 3 by the state legislature, subject to popular vote on July 10, repealing the state's dry statute and authorizing the establishment of county dispensaries for the package sale of alcoholic liquors. Again, in New Hampshire a conference of the legislative group which coöperated with the special commission for the study of liquor control was called by Governor Winant, and it is expected that the legislature will be called into special session for the sole purpose of considering the liquor control measure recommended by the special liquor study commission.

There are signs of change toward greater liberality in regard to alcoholic liquors in several of the other dry states. In Arkansas, for example, home brew for personal use is legal, as is also the manufacture of wine and brandy from native fruits for sale outside the state, while in Georgia and Kentucky steps have been taken to disregard the dry laws of these states.

In Georgia the city council of Augusta made an unsuccessful attempt to authorize the sale of hard liquor in that city, while in Kentucky a successful circumvention was accomplished by the enactment by the state legislature of a so-called "medicinal" liquor law. This "medicinal" liquor law not only permits the sale of wines and liquors by the package without a physician's prescription, but also the sale with meals of all kinds of liquors by the glass in licensed hotels and restaurants. The general assembly feels that such consumption on the part of the people of Kentucky will be entirely for the medicinal benefit. The law expressly states that (sec. 6) "when consumed in small and limited quantities with meals . . . liquors have medicinal value" and that (sec. 10) liquors are "curatives for bodily disorders" and "tonics for nervous or mental fatigue and for other necessities of the human body." As was stated, no physician's prescription is required for the purchase of liquor either by the drink or by the package, unless the purchaser wishes to buy by the case, but a system which might be termed a system of self prescription has been devised. The citizen of Kentucky, in short, diagnoses his own ailment, decides on the type of liquor required for his cure, and purchases accordingly, submitting to the liquor dealer a self dictated prescription setting forth the use for which the liquor is purchased as well as his name, age, and other relevant facts.

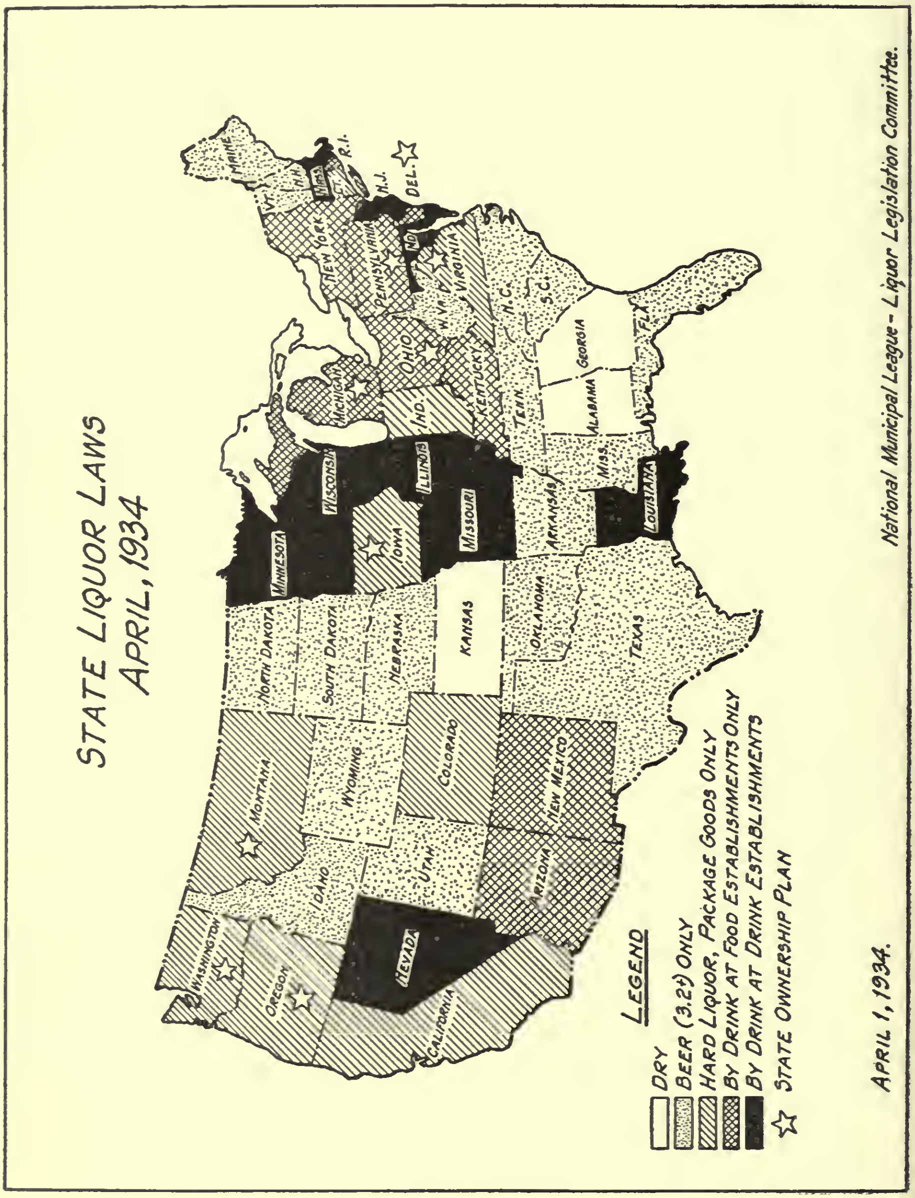
Still other indications of a trend away from strict prohibition are such events, for example, as the repeal last November of Utah's dry constitutional amendment, and, as in West Virginia, the permission of importation into the state of bonded liquor for home consumption. Also, as the table below indicates, there are in operation in all of the dry states, with the exception of Alabama, Kansas, and Georgia, recently enacted beer laws permitting and governing the manufacture and sale of non-intoxicating beer. In most of these laws the term "non-intoxicating" is defined as having an alcoholic content of 3.2 per cent by weight, although in Mississippi the alcoholic content is placed at 4 per cent by weight and in New Hampshire and South Carolina at 6 and 5 per cent by volume, respectively. It may be of special interest to note that the two traditionally driest states, Maine and Kansas, are both included in the list of states that have passed resolutions to hold popular votes on repeal at the general elections in the fall. In the latter state, in a recent special session, several liquor bills were introduced, and although none were passed, a great deal of lively interest and debate accompanied their introduction. Also, although the sale in this state of even 3.2 beer is still illegal, no convictions, according to the attorney-general's opinion, have as yet (that is, since the legalization of that beverage by the federal government) been obtained for violations of the state's prohibitory act by the sale of such 3.2 beer; and this in spite of the fact that numerous prosecutions have been instituted in which the charge was a violation of the law by such sales.

The table below indicates the general status of the dry states.

As regards the wet states, there is at the present time only one, namely Louisiana, that has not already enacted a new permanent liquor law. In this state the old pre-prohibition local option law has been resumed and is to continue in force until a new law is enacted, perhaps during the state's legislative session in May.

Of the twenty-six new permanent state liquor laws eleven embody the gov-

State	*Legal Status*	*Referendum on State Dry Law*	*Legal Alcoholic Beverage*
Alabama	Dry by statute		½ of 1% by volume
Arkansas	“ “ “		3.2% by weight
Florida	“ “ constitution	November, 1934	3.2% by weight
Georgia	“ “ statute		½ of 1% by volume
Idaho	“ “ constitution and statute	December, 1934	3.2% by weight
Kansas	“ “ “ “ “	November, 1934	not "intoxicating in fact"
Kentucky	“ “ “ “ “	November, 1934	hard liquor "medicinal"
Maine	“ “ “ “ “	September, 1934	3.2% by weight
Mississippi	“ “ statute	July, 1934	4% by weight
Nebraska	“ “ constitution and statute	November, 1934	3.2% by weight
New Hampshire	“ “ statute		6% by volume
North Carolina	“ “ “		3.2% by weight
North Dakota	“ “ “		3.2% by weight
Oklahoma	“ “ constitution and statute		3.2% by weight
South Carolina	“ “ statute		5% by volume
South Dakota	“ “ constitution and statute	November, 1934	3.2% by weight
Tennessee	“ “ statute		3.2% by weight
Texas	“ “ constitution and statute		3.2% by weight
Utah	“ “ statute		3.2% by weight
West Virginia	“ “ constitution and statute	November, 1934	3.2% by weight
Wyoming	“ “ constitution	November, 1934	4% by volume



STATE LIQUOR LAWS
APRIL, 1934

LEGEND
□ DRY
▒ BEER (3.2%) ONLY
▨ HARD LIQUOR, PACKAGE GOODS ONLY
▩ BY DRINK AT FOOD ESTABLISHMENTS ONLY
■ BY DRINK AT DRINK ESTABLISHMENTS
☆ STATE OWNERSHIP PLAN
WASHINGTON
OREGON
CALIFORNIA
NEVADA
IDAHO
MONTANA
WYOMING
UTAH
ARIZONA
COLORADO
NEW MEXICO
NORTH DAKOTA
SOUTH DAKOTA
NEBRASKA
KANSAS
OKLAHOMA
TEXAS
MINNESOTA
IOWA
MISSOURI
ARKANSAS
LOUISIANA
WISCONSIN
ILLINOIS
MISS.
MICHIGAN
IND.
KENTUCKY
TENN.
ALABAMA
OHIO
W. VA.
VIRGINIA
N.C.
S.C.
GEORGIA
FLA.
PENNSYLVANIA
NEW YORK
MD.
DEL.
N.J.
VT.
N.H.
MAINE
MASS.
CT.
R.I.

APRIL 1, 1934.

National Municipal League - Liquor Legislation Committee.

ernment ownership plan and fifteen the license plan, although in two of these latter, namely Maryland and Wisconsin, specific provision is made for the ownership of liquor by county governments and the establishment of county liquor stores. To the list of license systems should be added the District of Columbia, and also Kentucky, which as it was pointed out above, has a disguised beverage liquor law. Likewise, to the list of government ownership systems may be added the yet unratified county store liquor law of Mississippi.

The table below indicates the general distribution of the types of control systems.

In the majority of these states, whether under license or state monopoly, the entire control of the traffic is in the hands of a special state commission or other state governing body. In Arizona, for example, the whole traffic is under the control of the state tax

LICENSE PLAN

State	*Types of retail sales permitted beside package sale*
Arizona	All liquors by the glass in hotels and restaurants with meals.
California	Beers and wines by the glass in restaurants, etc. with meals. Bars expressly prohibited
Colorado	Beers and wines by the glass in hotels and restaurants.
Connecticut	Beers and wines by the glass in hotels and restaurants. Beer in taverns.
District of Columbia	All liquors by the glass in restaurants and hotels. Beer and wine in taverns.
Illinois	Liquors in taverns as well as hotels and restaurants. Bars expressly prohibited.
Indiana	Beers and wines in restaurants and hotels.
Kentucky ("medicinal")	All liquors in restaurants and hotels with meals.
Louisiana (old law)	All liquors in taverns as well as hotels and restaurants.
Maryland	All liquors in taverns as well as hotels and restaurants. Bars expressly prohibited.
Massachusetts	All liquors in taverns as well as hotels and restaurants. Patrons to be seated at tables or counters.
Minnesota	All liquors in taverns as well as hotels and restaurants.
Missouri	All liquors in taverns as well as hotels and restaurants.
Nevada (county rule)	All liquors in taverns as well as hotels and restaurants.
New Jersey	All liquors in taverns as well as hotels and restaurants.
New York (passed legislature, not yet signed)	All liquors in hotels and restaurants.
Rhode Island	All liquors in hotels and restaurants. Beer in taverns.
Wisconsin	All liquors in taverns as well as hotels and restaurants.

AUTHORITY PLAN

Delaware	All liquors in hotels and restaurants. Beer in taverns. Bars prohibited.
Iowa	Package sale only. Beer by the glass in hotels and restaurants with meals.
Michigan	All liquors in hotels and restaurants. Beer in taverns. Bars expressly prohibited.
Mississippi (subject to referendum)	Package sale only. Beer by the glass.
Montana	Package sale only. Beer by the glass in hotels and restaurants. Bars expressly prohibited.
New Mexico	Beers and wines by the glass in hotels and restaurants.
Ohio	All liquors by the glass in hotels and restaurants. Bars expressly prohibited.
Oregon	Beers and wines by the glass in hotels and restaurants with meals.
Pennsylvania	All liquors by the glass in hotels and restaurants. Bars expressly prohibited.
Vermont	All liquors by the glass in hotels and restaurants
Virginia	Beers and wines in hotels and restaurants.
Washington	Beers and wines in hotels and restaurants. Beer in taverns.

commission, in California the state board of equalization, and in Colorado the state treasurer, while in Indiana the excise director is entrusted with this power. In Maryland and Wisconsin the power is divided between the local governing bodies and the state comptroller and the state treasurer respectively. The following states, however, have placed the control of the alcoholic beverage traffic in the hands of special liquor commissions:

Commission has exclusive control

- Connecticut
- Delaware
- Iowa
- Michigan
- Montana
- Ohio
- Oregon
- Pennsylvania
- Washington

Commission shares control with local governing bodies

- Illinois
- Massachusetts
- Minnesota
- Mississippi
- Missouri
- New Jersey
- New Mexico
- New York
- Rhode Island
- Vermont
- Virginia

Although as a general rule the sale of alcoholic liquors by the drink is more restricted under the state ownership plan, there are, as the table above indicates, very important exceptions to this. Delaware, Michigan, Ohio, Pennsylvania, and Vermont, for example, although operating under state authority types of laws, permit the sale of all kinds of alcoholic liquors, including spirits, by the drink, while in California, Colorado, Connecticut, and Indiana, where the license type of liquor control is law, the consumption of beer and wine only is permitted on the premises where such beverages are sold.

Personal purchase permits are prescribed by but a few states. These are Iowa, Montana, New Mexico, Oregon, and Washington. Delaware should be added to this list as a state requiring a personal purchase permit, but only for liquor for personal stock.

The matter of fixing the prices of the various liquors is limited almost exclusively to states where the state authority system of liquor control is in use. The important exceptions to this are the instances of Massachusetts, where the maximum prices of all liquors are to be drawn up by the liquor commission, and Rhode Island, where the determination of all wholesale prices is left to the commission. The taxes and license fees vary from state to state.

Some laws prohibit retail credit, namely:

- Delaware
- District of Columbia
- Illinois
- Iowa
- Michigan
- Ohio
- Pennsylvania
- Rhode Island
- Washington

Some laws provide that all retail sales must be for money:

- Illinois
- Pennsylvania
- Rhode Island

And some laws provide that no liquor is to be served without charge:

- Delaware
- Illinois
- Massachusetts
- Michigan
- Washington
- Iowa—(Illegal for manufacturers to give away any liquor)

In some states the laws include provisions limiting the quantities that may be purchased, as follows:

State	*Amount*
California	5 gallons
Connecticut	not less than 1 quart
Delaware	1 bottle spirits; 12 bottles beer or wine
Indiana	24 bottles beer or wine; 4 quarts spirits
Kentucky	1 quart liquor or wine every 7 days
Mississippi	24 ounces every 7 days
Oregon	Commission may limit quantities which may be purchased at any one time. No regulations as yet.
Virginia	1 gallon of alcohol or spirits at a time
Wisconsin	1 gallon

The following states have provisions in regard to the advertising of liquor:

State	*Type of provision*
Delaware	No poster advertising except for beer and wine
Indiana	No bottles of spirits or any other advertisement in any show windows
Iowa	Under supervision of the Commission
Massachusetts	Under supervision of the Commission
Minnesota	Commission to regulate all forms of advertising
Montana	Advertising other than that by newspapers and periodicals only by the Commission, except beer which is under the supervision of the Commission. Advertisements in newspapers, etc. may not quote prices and must state that the liquor is for sale only at state liquor stores.
Ohio	Under the supervision of the Commission
Oregon	Under the supervision of the Commission, with the additional reservation that there is to be no advertising by state stores
Pennsylvania	Under the supervision of the Commission
Virginia	Under the supervision of the Commission
Washington	No advertising in any form by the Commission

The greatest uniformity in all the laws occurs in connection with such provisions as the prohibition of sales to minors, intoxicated, or interdicted persons, and of sales on Sundays; the prohibition of "tied houses" through interlocking business, direct or indirect interest, or through loans; and the provision of the privilege of local option.

There are also innumerable special provisions such as the prohibition against the buying of drinks for female employees in liquor establishments either by the employer or patrons of the licensee, as in Arizona; the provision that women may not be employed in any liquor business as in Nevada and Rhode Island, and, as regards beer taverns, in Connecticut; the provision, as n Massachusetts, that liquor may not be sold or served to women in taverns; the prohibition against drinking in public streets as in the District of Columbia, Iowa, and other states; prohibitions as in Illinois and Oregon against the contribution by licensees to campaign funds; the civil liability of sellers of iquor for damages incurred by intoxicated persons as in Connecticut, Illinois, and Rhode Island; the prohibitions against solicitations for order of liquor as in Colorado, Maryland, Virginia, and Washington, and, as in Massachusetts, Oregon, and Pennsylvania against the peddling of liquors; the provision as in Illinois that the landlord of any licensed premises is equally liable with the licensee for violations of the law; the provision as in Minnesota that the legislature "expressly reserves the right to limit the profits of any authorized manufacturer, wholesaler, or retailer", and, again as in Minnesota, the provision that the state department of education is to prepare a course of instruction for the public schools on the effects of alcohol on the human system; the provision as in Rhode Island that any licensee is forbidden to eject an intoxicated person from his establishment; and the provision as in Wisconsin against the sale of liquors at public auctions. Wisconsin, incidentally, is the only state that licenses bar tenders. They are called "operators" and are to be in charge of all the waiters and other employees of retail on-sales establishments.

EDITOR'S NOTE: The text of this article, but not the map, has been corrected to May 1, 1934. Vermont and New Mexico have adopted the state ownership plan since the map was prepared.

Still the United States![1]

Suggesting that states still have many indispensable functions

RODNEY L. MOTT

Research Consultant, American Legislators' Association

It has long been recognized that the states were at a disadvantage in the race for public attention. Their functions lack the dramatic character of those of the federal government, and they are not as close to the people as are those of the city. A citizen can visualize Uncle Sam; he takes pride in the achievements of the navy, the air service, or the coast guard; he carries coins from federal mints in his pockets; and he affixes the portraits of federal heroes to his letters.

On the other hand, the city is close to him. He may know the alderman, and perhaps the mayor, personally. His local government paves and cleans the street in front of his home, it collects his garbage, pumps his water, and furnishes him parks, libraries, and schools. These services affect his daily life—and he pays for them in a tax bill which he can see and feel.

But the state is neither fish nor fowl. It can never soar to the heroic heights of fighting a war for democracy; it seldom rubs shoulders with the citizens in the stream of daily life. The states were on the defensive long before the catastrophe of 1930. Indeed they have been fighting for their place in the sun of public interest ever since 1789. Small wonder that during the past few years there have been numerous predictions that the twilight of the states is at hand. Some of these predictions have grown out of wishes, others out of fears, but in either case the prophets seldom rested their case on the psychological impotence of the states—their lack of popular appeal. Rather they have attempted to show that the state governments are wasteful and corrupt; that they are incompetent to meet the governmental needs of today; and that the loss of governmental powers to the federal government has left them only a hollow shell—a mere vestigial organ.

No informed and intelligent person will deny that state governments have at times been wasteful or even corrupt. But for that matter neither the cities nor the federal government can boast of universal efficiency or immaculate skirts. Whether the states are lower in the scale of civic virtue than the cities is wholly a matter of opinion. One may match a Huey Long with a Jimmy Walker or a Theodore Bilbo with a Bill Thompson, but who is competent to judge the moral tone of a government, and by what yardstick will he measure

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[1] Dr. Charles E. Merriam, in his article entitled "The Federal Government Recognizes the Cities," published in the February 1934 issue of the REVIEW, states: "In the reorganization of our industrial life we have found the state incompetent and almost useless, and we have found out the importance of the city as a unit." The article by Dr. Mott presents the opposite point of view.—EDITOR.

? Who would weigh the civic degraation resulting from Teapot Dome gainst that arising from the peccadillos f Len Small? Is there scientific proof hat the virtues of Cincinnati's city manager government excelled those of he Smith administration in New York?

It is incontestable, however, that the restige of a state far surpasses that of he cities. State legislators do not reign their seats to run for the city ouncils of even the largest cities, nor the governor's chair a stepping stone the mayoralty. Unsatisfactory as re the civil service laws in a majority f the states, and in spite of the fact hat some cities pay their employees igher salaries than do the states, it is till true that most people would prefer o work for the state rather than for a municipality. United States Civil Servce Commissioner Leonard D. White has learly demonstrated that, although the restige of the national service is the ighest of the three, the prestige of the tate services outranks that of the muniipal services. The prestige of a serice may not be an accurate weather auge of its competence, but it unmistakably shows whence the wind lows.

SHIFTS IN GOVERNMENTAL EMPHASIS

It is true that during the past century nd a half the states have been gradually losing some of their most dramatic powers to the federal government. Every emergency—1861, 1889, 1917, 1933—has seen power slip from their hands. Curiously, however, these frequent blood transfusions to the federal government seem only to have made he states more lusty than ever.

The services which any government enders may be roughly measured by he amount of money which is spent on hem. If this test be applied to the hree levels of government—federal, tate, and local—it will be found that our cities furnish about two-thirds of our governmental services and that the national government provides more services than do the states. But, what is more significant, it will be found that the state services have increased more rapidly than those of either of the other two levels. The per capita expenditures for governmental functions of the federal, state, municipal, or other local governments are given in the following table, which is taken from Dr. Carroll H. Wooddy's study for the President's Committee on Recent Social Trends. Measured by their expenditures, state functions have grown twice as fast as any other level of government.

PER CAPITA EXPENDITURES FOR GOVERNMENT FUNCTIONS

In 1915 dollars—exclusive of interest

Government	*1915*	*1929*	*% increase*
States	$ 4.77	$ 9.54	100
Federal	7.10	10.37	45
Cities	30.54	40.75	35
Other local	10.63	14.88	40

The huge highway programs which the states have undertaken are responsible for a considerable portion of this increase. Local highway administration —township, county, and even city—has been found intolerable, and, beginning with New Jersey in 1891, the states have gradually increased their control over the roads until now four states—Connecticut, North Carolina, Virginia, and West Virginia—have adopted a centralized administration of the roads.

That the other functions of the states have grown rapidly—if not as rapidly as highway construction—is shown in the following table (also taken from *Recent Social Trends*) which gives the governmental cost payments of the forty-eight states in millions of dollars.

GOVERNMENTAL COST PAYMENTS OF FORTY-EIGHT STATES

In millions of 1915 dollars—exclusive of interest

Function	*1915*	*1929*	*% increase*
Highways and waterways	77	752	874
Recreation	2	14	559

Conservation of natural resources	18	76	322
Education	158	560	254
Health and sanitation	10	35	243
Charities, hospitals, and corrections	102	260	155
General government	50	127	155

Expenditures for recreation have increased over 500 per cent with expenditures for conservation of natural resources, education, and health each running well above 200 per cent. The leanness of the general property tax as a revenue producer is gradually forcing the states to enlarge their expenditures for education. Two states—Delaware and North Carolina—have already assumed the entire support of the common schools and other states, such as California and New York, are not far behind. Nor do these increases merely represent sums which the federal government has granted in aid to the states. While federal grants may have spurred some of the states into action, they constitute only a small part of the expenditures of the states each year. It was but 7½ per cent in 1930.

Cassandras of the states may be surprised to learn that twice as much money is spent annually by the states on forest fire prevention as is spent by the federal government and that the states and counties appropriate for agricultural experiment stations nearly three times the federal expenditures.

Today state functions range from the regulation of public utilities to factory inspection, from the administration of workmen's compensation laws, to the stamping out of hog cholera, from providing courts to providing schools for the blind, and from supporting state parks to supporting state universities.

Cities are coming to the states with pleas for a share of the diverse sources of revenue which the sovereign agencies have at their command. They claim a slice of the gas tax, a part of the income tax, some of the sales tax. In return, the states have insisted upon more rigorous and more comprehensive supervision of local units of government, imposing tax rates on cities and limiting municipal debts. Thirty-one states now prescribe a system of local accounts as compared to four which regulated this matter in 1900; and even more drastic state control of local expenditures has been put in effect in some states.

It is significant that the net result of the "Noble Experiment" has been to transfer the control of intoxicating liquors from municipalities to the states. Only ten states now permit their political subdivisions to license the sale of liquors, and five of these maintain state supervision over the licensing. The burden of liquor control has been shifted from the backs of the cities to the stronger shoulders of the state, a shift which no impartial student of the problem has deplored.

SOME RARE EXCEPTIONS

It is true that there are a few metropolitan areas which could maintain a complete set of governmental services. Regions like greater New York, greater Philadelphia, or the Chicago metropolitan region could economically support public utililty commissions, industrial commissions, tax commissions—with elaborate engineering and technical staffs—as well as municipal penitentiaries, universities, normal schools, and insane asylums. But the half dozen cases in which our state lines have been outgrown by our social and industrial order should not distort our vision of the whole picture.

There is evidence, furthermore, that the total population in the smaller cities—those, that is, under a hundred thousand—is increasing at a more rapid rate than that of larger cities. Who would suggest that cities under a hundred thousand are in an economic position to provide themselves with all the governmental facilities supplied by the states? And there are only eighteen cities whose populations, with their suburbs, are in excess of five hundred thousand. These eighteen cities are located in eleven states. If the states are dying, who is to provide governmental services in the other thirty-seven states and for the other fifteen hundred cities and towns of less than twenty-five hundred population? Will the federal government add to its budget the two billion dollars annually necessary to provide services the states now render?

One need not be the son of a prophet to discern that the changing pattern of our political life does not include an annihilation of our basic unit of government. What is needed is less talk about the demise of the states and more discussion of how their services can be strengthened. We need to focus public attention on the changing relationships which are developing between cities, states, and nation in order that these changes may be dictated by intelligence rather than emotion. We need to focus attention on the need for flexibility in our state structures. Changes can be effected in our rigid state constitutions only after public interest is aroused and predictions of abolition will not quicken the public pulse.

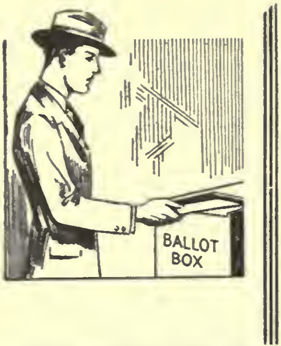
If the states are dying it is not because they do not have important services to perform. Nor is it because they perform those services badly. To the practical politician the states are far from dead. The two billion dollars they spend each year are as interesting to him as any other two billion dollars; their two hundred thousand employees with their two hundred thousand jobs are not myths to his practised eye. But if he can convince the people that the state is unimportant, if he can focus their attention on the pageant at Washington, if he can divert them with municipal problems, his chance of resisting reform is greatly enhanced. Citizen interest is the one thing he does not want. If our states ever do become fifth wheels on our governmental band wagons, it will be due to this failure to dramatize their services.

LEGISLATIVE OLIGARCHY

(Continued from Page 254)

and representatives of agriculture, industry, finance, labor, and of the public. Administration bills based on the governor's proposals as contained in the annual message shall on introduction into the legislature be referred to the appropriate committees. These administration bills shall, on the written request of the governor, be reported out of committee within thirty days, accompanied by a report of the committee. The committee or a minority of the committee may report out at the same time measures which are in opposition to the administration bill but they shall not be substitutes for the administration bill. Both the administration bills and any opposition bills shall be considered in both houses in committee of the whole house and opportunity for debate and a record vote given. The consideration of these measures shall take precedence over all other bills except executive appropriation bills. Special messages from the executive which initiate new legislation and are accompanied by administration bills shall, on the written recommendation of the governor, be reported out of committee within ten days of the receipt of the bill by the committee and an opportunity for debate and a record vote given before the session adjourns.

With the adoption of this amendment it can be said that the power of an unrepresentative legislative committee to defeat the will of the people as expressed in the governors' proposals will be destroyed and in its place there will be set up a procedure that will be to a far greater extent controlled by an informed public opinion.



PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

Continuing the Proportional Representation Review

Proportional representation ("P. R.") is a method of electing representative bodies which assures any group of voters the same share of the members elected that it has of the votes cast. It is designed to guarantee majority rule and minority representation. In its best form (the "Hare system") it makes primaries unnecessary and keeps scattering votes from being wasted by means of a preferential ballot. It thus makes impossible the domination of organized political minorities.

A Charter Commission Created for New York City

In one of the wildest and most dramatic scenes ever witnessed at Albany the New York legislature, between two and three A. M. on April 28, set up a charter revision commission for New York City and adjourned.

Since the beginning of the session in January, the governor and all the legislative leaders had agreed that charter revision was a necessity, but the subject had been kept in the background until very recently by the prolonged fight on the New York City economy bill. When that issue was finally settled,[1] there was difficulty in getting agreement on any one plan. No less than twelve charter revision bills were introduced and three of these were seriously considered until the closing hours of the session. When it was at length agreed that a commission should be named by the legislature to draft a new charter and present it directly to the voters for approval, there appeared to be a hopeless deadlock over personnel. The Republicans, coöperating with Mayor La Guardia's Fusion administration, controlled the Assembly and the Democrats the Senate, and since a two-thirds vote of each house was required on a local measure of this kind, the assent of both parties in both houses was required.

Finally, after repeated conferences, a carefully balanced slate was agreed to by all the leaders and presented by Senator John J. Dunnigan of the Bronx, Democratic majority leader of the Senate, on the last evening of the session. The Democratic members thereupon upset the agreement by adding one of the most vigorous critics of the present city administration, by amendment from the floor, and promptly adjourned the Senate so that the Republican Assembly had to take the revised list or nothing. To the consternation of the Democrats the assembly Republicans then refused to accept the revised bill and told the Democrats to explain to the voters why the agreement had not been kept and how charter revision had been defeated. For a time pandemonium reigned as charges and taunts flew thick and fast, but the most frantic attempts to break down the Republican front were unavailing. The bill was declared lost and everyone prepared to go home. At that point Governor Lehman talked with Mayor LaGuardia on the long-distance telephone and the mayor agreed to accept the Senate bill as better than nothing. The vote was reconsidered and the bill passed.

Until the commission reports there will be honest difference of opinion as to whether the mayor made the right decision. A majority of its twenty-eight members were picked by the Democratic organization, but certainly a majority of them are not of the type whose decisions can be organization-controlled. And the list includes such outstanding champions of fundamental charter revision as Judge Samuel Seabury, Richard S. Childs, Norman Thomas, Leonard Wallstein, and Charles H. Tuttle.

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[1] See the Notes and Events section of this number.

All of the members just mentioned, and some others, are on record in favor of proportional representation, which may therefore —in spite of the opposition of the commission's chairman, Alfred E. Smith—be expected to receive serious attention. In fact proportional representation is the only charter reform specifically mentioned in the bill. Section 4 provides for submission of the question: "Shall the charter proposed by the New York City charter commission be adopted?" It then adds:

> No provision in such charter for the election of any elective officers by any system of proportional representation shall become effective, however, unless the definite question with respect to the adoption of such system for the election of such officers shall have been separately submitted and approved at such election by the affirmative vote of a majority of the qualified electors voting thereon at the same election.

This provision, inserted as a safeguard by foes of the system, may well prove its salvation. Without it there would be no suggestion of a vote on any question except the adoption or rejection of the charter as a whole. A majority of the commission might hesitate to make the whole charter stand or fall on this issue even if they favored P. R. but may be entirely willing to submit it separately, with alternative provisions to take effect in case of its defeat, even if they do not favor it.

Four of the other charter bills, introduced but not adopted, also mentioned P. R. A charter commission bill by Assemblyman I. Arnold Ross, Manhattan Republican, provided definitely for the separate submission of this issue. The P. R. charter recommended by Judge Seabury to the Hofstadter legislative investigating committee was re-introduced by Senator Thomas C. Desmond, now of Newburgh, but formerly president of the Young Republican Club of New York City. And identical bills were introduced by Assemblyman Herbert Brownell of Manhattan and Senator George Blumberg of Brooklyn, both Republicans, providing for a P. R. council elected by borough-wide districts with a fixed quota of 100,000, to replace the board of aldermen if the voters approved and the board of estimate and apportionment also, if that board approved at any time thereafter.

The charter commission which has now been set up (presumably by the time this appears in print it will have received the governor's approval) may take as much or as little time as it wishes to complete its work and may study, with power of subpoena, "any subject relevant to the property, affairs or government of the city of New York," or "the laws relating thereto," or "any matter or thing deemed by the commission to be pertinent thereto." It may submit the new charter at any general election or at a special election to be held at least sixty days after the charter is filed with the city clerk.

New York Gets a Measure of County Home Rule

The session of the New York legislature just closed had under consideration eight constitutional amendments and four important general bills providing for improvements in county government, most of them on the basis of home rule. The subject was stressed by Governor Lehman in his opening message and was given much attention. Four of the amendments and three of the other bills passed one house or the other, but only one measure got all the way through.

The one bill enacted, though by no means the best, does constitute a forward step of great importance. It allows any county outside New York City to draft and adopt a charter for its own government. Such a charter may be prepared and submitted only by a charter commission, which may be created at any time by the county board of supervisors and must be so created if requested by a petition of fifteen per cent of the number who voted in the county at the last election for governor. A majority vote is required not only in the county as a whole, but in any municipality having more than a quarter of the county's population and in the county outside of such municipalities. The board of supervisors is obviously left in control of the situation, but the way is opened for any county which has or can obtain an enlightened board to secure as good a county government as present constitutional limitations will allow.

This bill (Senate Int. No. 5) was sponsored by Senator George Fearon of Syracuse, Republican minority leader in the Senate. A better bill along the same lines was actively championed by Senator Thomas C. Desmond (also a Republican) of Newburgh, and passed the Senate, only to die in the Rules Committee of the Assembly in the final days of the session. The Desmond bill (Senate Int. No. 9) included the provisions of the Fearon bill, but also allowed a charter commission to be named in a petition, subject to approval by the voters, or elected at the polls. It provided, too, that charters or amendments might be submitted directly by petition or by resolution of the board.

This bill was part of a comprehensive program on local government reorganization sponsored by Senator Desmond and prepared with the help of the National Municipal League. Senator Desmond's indefatigable work for this program, introduced in the first week of the session, was in no small measure responsible for the passage of the Fearon bill, which went a shorter distance in the same direction.

Another of Senator Desmond's bills which passed the Senate after debate was Senate Introductory No. 8, which set forth four specific optional forms of county government and a choice of seven methods of election with any one of them. One of the possible combinations offered was the one recommended by the committee on county government of the National Municipal League—the county manager plan with a small board of supervisors elected by proportional representation. P. R., like the other election methods offered, was also made available with the "county president" (strong mayor) form, the "county executive" (weak manager) form, and the county board form, which differed little from the existing form except for the option of better election methods and the requirement of improved financial methods. The alternative vote in single-member districts was also among the election methods offered.

Constitutional amendments by Senator Seabury C. Mastick, Westchester Republican, Senator Desmond, and Senator Stephen J. Wojtkowiak, Buffalo Democrat, all removing constitutional barriers to proper county reorganization, also passed the Senate. The Mastick amendment had the active backing of Governor Lehman. The Republican Assembly also passed one county amendment, by Assemblyman Herbert Brownell of New York, to pave the way for county consolidation in New York City as the legislature might see fit, but this bill was buried in committee in the Democratic Senate. A motion to discharge the committee was defeated on a straight party vote.

A P. R. Bill in New Jersey

Assemblyman Theron McCampbell of Monmouth County, who has recently announced his candidacy for governor, introduced in this year's New Jersey Assembly a bill to eliminate primaries entirely and conduct all elections in the state by proportional representation (for groups of representatives) or the alternative vote (for single officials) if the voters approved the measure at the fall election. The bill is Assembly bill No. 276.

Mr. McCampbell has been conducting a vigorous educational campaign and has secured a number of friendly editorial comments such as the following from the Bergen *Evening Record* of March 1: "New Jersey will probably not accept such a method of naming its officials. . . . But it is worth the study and consideration of people who are tired of government by a few."

GERMAN LOCAL GOVERNMENT

(Continued from Page 257)

its "inherent forces".[21] Autonomy inspires the origination of "animating tensions of genuinely political nature"[22] which vitalize the state. The "governmentalization" of autonomy threatens to dry up this spring of life. And second, the idea of political totality as a device of expansion bestows upon the state the presumption of finality which is incompatible with the *Rechtsstaat* tradition. Thus Germany is heading for a distinctly new state doctrine.

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[21] Heinrich Sahm: Vol. 4 (1932) *Amerika-Post* p. 59.—Dr. Sahm is still *Oberbürgermeister* of Berlin; until recently he has taken an active part in the work of the *Deutscher Städtetag* and the Prussian *Städtetag*.

[22] Fritz Morstein Marx: Vol. 23 (1933) *Archiv des öffentlichen Rechts* (New Series) p. 380.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

The Metropolitan Community. By R. D. McKenzie. New York, McGraw-Hill Book Co., 1933. 352 pp. $3.50.

This work is a monograph in the series prepared under the direction of the President's Research Committee on Social Trends. In its preparation, Professor McKenzie had available the statistical data gathered by the committee for its report on *Recent Social Trends in the United States,* and he was assisted in the writing of the monograph by nine experts who contributed chapters dealing with their specialties. The limitations of the work are acknowledged in the preface. The object of the author and his collaborators is declared to be the description and analysis of important structural changes in metropolitan development.

The metropolitan community is defined in various ways. Consideration of the topic is introduced by a survey of tendencies in population distribution, a survey that terminates with the definition of a metropolitan community as an aggregation unit. This definition is then vitalized by a discussion of the factors involved in metropolitan concentration—economic, social, biological, and cultural. These major factors are analyzed, and certain, but by no means all, of the phases of each are treated at length. The work is illumined with maps and tables and graphs and cartograms, which not only add to the attractiveness of the volume but also give it the flavor of certainty.

The merits of the monograph lie in its conciseness, in its clearness, and in its reliance on factual material. Controversial issues are carefully avoided, but there are a few "spots" where the skeptical scholar is entitled to a raised eyebrow. Are the residents of the outer zones of metropolitan cities deserving of the title "more substantial members of the community"? (p. 182). Is it "being realized that a city cannot be satisfactorily administered as a single population entity"? (p. 249).

On its face this latter statement is plausible enough, but there are no facts to sustain it and it is subject to the construction that metropolitan areas should not be centrally administered. There is no evidence to sustain this view, but there is revealed in this work the tendency of sociologists and city planners to ignore the problem of political and governmental organizations of metropolitan communities. A chapter on metropolitan government is, to be sure, included; but it is regrettable that more space was not accorded this topic. There is no reference to the three outstanding studies in this field, and no indication of the great progress which has been made in the field of metropolitan governmental integration.

Roy V. Peel

New York University

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The Local Government of the United Kingdom (and the Irish Free State). By John J. Clarke, M.A., F.S.S. London, Pitman & Sons, 1933. 851 pp. 12/6.

Evidence of the value of this book is seen in the fact that this is its eighth edition. The requirements of the university student and the local government administrator were undoubtedly constantly before the author, a lecturer on the law of housing and town planning at the University of Liverpool and a barrister-at-law. If Mr. Clarke considers his general reader one with as much interest and immediate need for information as a municipal councillor, this book also meets his requirements. However, it is too technical to stimulate the interest of the ordinary person "in the duties and responsibilities of citizenship." This is merely to say that it is practically impossible to write a book for the student and specialist as well as for the general reader.

To the student who wishes a straightforward and comprehensive presentation of the general organization and problems of local government in Great Britain, the volume is useful. The material is arranged in traditional order. The relation of the state to local government is followed by the types of local authorities and the general powers of each; then are considered the various functions and with respect to them the powers of each type of local authority; finally, there is a section called special legislation dealing with London, Scottish local authorities, Ireland, war charities, social service, and suggestions to members of local authorities.

To one interested in a particular service performed by local authorities the consideration of that function by Mr. Clarke is a good introduction to more specialized study. A brief survey of the development of each function is given, the legislation dealing with it is clearly summarized and logically arranged, specific sections of parliamentary acts are cited, the decisions of the courts on cases in point are presented, and the reports and recommendations of any committees or commissions that have studied the subject are briefly outlined.

Those who are familiar with the previous editions will note that the chapter on Town Planning has been re-written including a discussion of the provisions of the Town and Country Planning Act of 1932, and the one chapter on Ireland has been replaced by two new chapters on Northern Ireland and the Irish Free State.

A full bibliography, classified according to subject, and a good index add to the book's usefulness.

Frances Ryan Gloyn

The Economic Basis of Politics. By Charles A. Beard. New York, Alfred A. Knopf, 1934. 99 pp. $1.25.

A modern political scientist doubting the economic basis of politics must surely have his hands full these days when in all the branches of government—federal, state, and local—foundations have been shaken by economic upheaval and conflict. The publishers of Beard's challenging little book, first published in 1922, did well to bring it out again at this time when his earlier analysis has been so thoroughly reinforced by recent happenings and when the questions he raises, directly and indirectly, remain still to be answered in the American democracy.

As most readers of this magazine know, the book includes a fascinating review of the ideas of political philosophers as they bear upon the problem. There have been any number of fallacies in popular thinking on the subject of democracy in America. Beard raises sharply the fundamental contradiction between our political theory and our economic facts. The author's power to lend clarity and understanding in brief compass to the broad sweep of political-economic forces is seldom illustrated better than in this book.

Howard P. Jones

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The Auditing of Municipal Accounts in New York State. By William A. Lafferty, Jr. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 83 pp. $1.00.

This comparatively short survey outlines the accounting procedure of New York State cities and first-class villages including the part the state plays in supervising municipal finances. It presents the case for the revenue system of accounts used in New York State, but perhaps somewhat overlooks the genuine benefits to be derived from recording operations on a cash basis—a procedure especially valuable in those municipalities which are unable to realize on their revenue in sufficient amount to prevent an excessive reliance on temporary financing.

It is significant that in this presentation of the uniform accounting system of New York State municipalities, the survey reports that "not only do local officials use discretion in interpreting the law and in supplementing or going beyond it but they also commit infractions of it. Accounting systems in cities are not always in every detail what the laws or administrative requirements might lead one to expect." In view of this fact it is suggested that some sanctions be provided to increase compliance with state legal or administrative provisions.

The report contains numerous schedules of interest, discloses the diverse methods of financial administration pursued by local municipalities, and offers suggestions for improvement which are particularly pertinent at this time. While the scope of the report is too extensive to permit the inclusion of all the material which might be desired, it will be helpful to those interested in a general survey of the system under which New York State municipal finances are administered.

H. J. Frey

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Urban Society. By Noel P. Gist and L. A. Halbert. New York, Thomas Y. Crowell Company, 1933. 724 pp. $3.50.

The city is but one of the two major modes of human habitation. Its influence today, however, cannot be judged either by the territory it comprises or the relative numbers of the population confined within its limits. The dominance of the city extends far beyond its territory. The modern western society is to an increasing extent an urban society. Its dominant features, its bewildering problems, its general temper may be traced largely to the phenomena of urbanization. The study of the city has, thus, profound implications for the understanding of the modern social world.

This volume is an important contribution to the subject. Its value lies, however, not in brilliant interpretation or fresh insights into the processes and problems of city life, nor yet in original research. *Urban Society* is a very comprehensive and thorough text book, bringing together a vast mass of material and covering a wide range of aspects of urban life.

An adequate treatment of the topics considered involves, of course, historical, economic, political, and psychological data. While introducing material from various fields, the authors have maintained quite consistently the sociological focus and thus achieved a coherence in analysis. Their particular sociological focus is obviously strongly influenced by the so-called "Chicago School" of sociological thought. This is apparent in the emphasis upon the ecology of the city as well as in the treatment of the urban personality and social types.

The general approach of the authors may be further characterized by the emphasis upon urban processes rather than problems. The traditional preoccupation with the pathology of city life is inadequate, the authors maintain, because "it provides neither a sound basis for social reconstruction, nor the type of data necessary for scientific generalization." Of the twenty-three chapters of the book only two deal with urban maladjustments *per se.*

One of the major and most intricate requirements of a treatise on urban society is that it should weigh properly and intercorrelate the myriad factors which go into the making of the urban complex. Not all parts of this volume meet the requirement of integrated interpretation equally well. The listing of city maladjustments, for example, which appears to give to poverty an equal weight with suicide, illegitimacy, venereal diseases, prostitution, etc., is, in the opinion of the reviewer, an inadequate and atomistic treatment of city pathologies.

Notwithstanding the above criticism, its wide scope, its realistic and factual approach, and general organization make *Urban Society* an eminently useful contribution to the field of urban sociology.

Mirra Komarovsky

Barnard College

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Social Case Work, an Outline for Teaching. Edited by Mary Antoinette Cannon and Philip Klein. New York, Columbia University Press, 1933. 626 pp. $5.00.

Eleven members of the faculty of the New York School of Social Work acted as a committee for the preparation of this volume which, designed primarily as an aid to the teaching of social work, with annotated case records and sample course syllabi, is not of interest to teachers in the field exclusively. Probably all social workers—in the broad use of the expression—will be concerned with the materials selected as representing vital problems and the methods of procedure involved in their solution. Indeed the tremendous growth of social work and widespread recognition of its value suggests that many a lay reader would find the book—much of which is devoted to the annotated case records—fascinating as well as illuminating.

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The Irrepressible Conflict, Business vs. Finance. By David Cushman Coyle. New York, David Cushman Coyle, 1933. 45 pp. Sixty cents.

Mr. Coyle has recently published the fourth edition of what he describes as an essay in reorientation of thought. This interesting and thoroughly readable little book offers timely and epigramatic analysis of current economic problems. The tenor of the solutions proposed may be judged from the following, "The crossroads of history will be the place where we do or do not develop means for keeping money out of Wall Street and making it travel up and down Main Street where it belongs."

E. T.

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The Municipal Markets of Buffalo, New York. By the Buffalo Municipal Research Bureau. Buffalo, Buffalo Municipal Research Bureau, Inc., 1934. 23 pp. Mimeo. One dollar.

This is a brief study of the five markets of Buffalo, with a presentation of the data necessary to the formulation of a program for handling them. With so many municipal projects of this type being questioned by those in search of possible economies, a detailed study of the market problem in one city should prove generally useful.

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Statistical Procedure of Public Employment Offices. By Annabel M. Stewart and Bryce M. Stewart. New York, Russell Sage Foundation, 1933. 327 pp. $2.50.

This is an analysis of practice used in the employment centers of various countries and a plan for standard procedure in the United States prepared for the committee on governmental labor statistics of the American Statistical Association. It is, of course, of limited interest to the general public, but to those in any way concerned in employment or personnel work, the volume should be indispensable.

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Proceedings of the 39th Convention of the American Society of Municipal Engineers. Compiled by C. W. S. Sammelman. St. Louis, American Society of Municipal Engineers, 1934. 351 pp. $7.50.

The society, meeting in Milwaukee in September 1933, had its usual quota of addresses on important subjects in the field of municipal engineering. The text of the speeches and various statistical information about the organization—its membership, business, etc.—are presented in this volume. The subjects discussed at the regular sessions fall under the following major classifications: municipal legislation and finance, city planning, airports and landing fields, traffic control, street and traffic lighting, water works, sewerage and sanitation, refuse disposal and street cleaning, and municipal field engineering. The various regular and specification committee reports are also included.

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Mental Hygiene in the Community. By Clara Bassett. New York, The Macmillan Company, 1934. 394 pp. $3.50.

The author, consultant in psychiatric social work, division of community clinics of the National Committee for Mental Hygiene, believes, "The mental hygiene approach has proved even in its immature state so much more penetrating, stimulating and fruitful than any previous mode of attack on baffling individual and social problems that its further widespread utilization is thoroughly warranted . . . It is the part of wisdom to see what contribution can be made through the study, understanding and control of those inner psychological forces and motivations which are now thought to determine to a very large degree individual and social behavior." She therefore shows the relationship of mental hygiene to medicine, nursing, social service agencies, law, parental education, pre-school children, education and teacher training, the church and theological training, industry and recreation. She discusses psychiatric institutions and agencies and offers suggestions for determining the adequacy of a given community's facilities.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE *Secretary-Treasurer, G. R. A.*

Governmental Research Association.—In connection with the Western Conference on Government which met in Berkeley, California, March 28 to 30, the GRA held two very successful meetings and coöperated with the National Municipal League and the Municipal Finance Officers' Association in holding two joint meetings. At the first meeting representatives of various research organizations on the coast explained the policies and activities of their respective agencies and set forth briefly the projects which are engaging their attention at the present time.

Unofficial citizen research agencies were represented by L. D. Gifford, director of research for the California Taxpayers Association, William H. Nanry, director of the San Francisco Bureau of Governmental Research, Von T. Ellsworth, head of the Tax Research Department of the California Farm Bureau Federation, David Weeks of the Governmental Research Committee of the California Economic Research Council, and Francis H. Andrews, secretary of the City Club of Portland.

Official or governmentally-supported research bureaus were represented by C. F. Muncy of the Division of Research of the California State Department of Education, Rolland A. Vandegrift, director of the California State Department of Finance, and H. F. Scoville, director of the Los Angeles County Bureau of Efficiency.

In addition to these men, representatives of universities, state leagues of municipalities, and legislative reference bureaus described the governmental research programs of their respective organizations.

The second meeting of the GRA was devoted to a general discussion of coördination of governmental research and coöperation among governmental research agencies on the coast. This meeting was held in the conference room of the Bureau of Public Administration.

Participating in the first Western Conference on Government were seven organizations of public officials—legislators, mayors, welfare officials, city managers, finance officers, housing officials, and personnel directors—and five other organizations whose members are deeply interested in and closely in touch with progressive developments in public administration. The success of the conference was due in no small measure to the careful planning of Professor Samuel C. May of the Bureau of Public Administration of the University of California, host to the conference.

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Nebraska Federation of County Taxpayers Leagues.—The annual convention of the Federation was held in December at Grand Island. One of the important resolutions adopted called for study and support of legislative proposals to establish a unicameral legislature and a state administrative code, to eliminate or reduce the amount of property now tax exempt, and to provide for county consolidation. A bill providing the manager form of government for counties was supported by the taxpayers' group and passed last year. Efforts are now being made in many counties of the state to secure the adoption of this modern form of government. In Omaha the Association of Taxpayers is backing the campaign to establish manager government in Douglas County. Several addresses at the Federation's annual convention dealt with the advantages of the county manager type of organization.

Minnesota Taxpayers Association.—The annual meeting of the Association was held February 27 in Minneapolis. Fifty-seven counties sent delegates to the convention. The secretary reported 70,000 enrolled members in eighty of the eighty-seven counties in the state. H. J. Miller, manager of the Minneapolis Taxpayers Association and a member of the Executive Committee of the Governmental Research Association, addressed the meeting. Norman A. Borgen was reëlected secretary of the organization.

The Association has prepared and distributed to all candidates for the state legislature a two-page questionnaire on taxation. Wherever possible this questionnaire will be presented to candidates by the local county taxpayers associations. Replies of candidates will be published in newspapers and made available to various county organizations.

Early in March the Association began the publication of a new "journal for taxpayers" to be called *Taxation.*

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National Recreation Association.—The Association has just published the report of its activities for the year 1933. The field staff had a particularly active year. In addition to the customary requests for the staff's service several state relief administrations requested studies of recreation needs, facilities, and leadership in practically every city in their respective states. In many cities the Association's field staff arranged for the use of relief labor to develop new playgrounds and expand recreation programs for the unemployed. In all, the field staff gave personal service on request to 508 cities in 43 states.

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Citizens Bureau of Milwaukee.—The rapid progress which the city of Milwaukee has made recently in perfecting its machinery for the administration of the real estate tax is favorably commented upon in the current Bureau bulletin. Not only are the improved methods resulting in fairer assessments and more efficient tax collection, but the administrative cost is being materially reduced. Between 1928 and 1934 the city's area increased 18 per cent, but the salary appropriation of the tax commissioner's department for 1934 is somewhat less than in 1928.

Tax assessors used to be loaded down with clerical work. Now mechanical equipment has relieved them of most routine tasks. Land value maps have been published each year since 1931, much to the satisfaction of taxpayers who desire to compare their own and their neighbors' assessments. Electric accounting machines for tax billing and tax accounting purposes were installed in 1932. Formerly, 259 temporary employees were employed at tax-paying time, taxpayers waiting in long lines to pay their bills. After tax bills were paid five persons handled each transaction before receipts could be issued. Now only sixty-seven temporary employees are necessary, there is practically no waiting in line to pay tax bills, and upon request tax bills are mailed and paid by mail.

An important record in the Milwaukee assessor's office is the individual lot ledger begun in 1932. This ledger, which is made out by machine, provides a complete historical record of the tax status of each parcel of property in the city. All taxes levied, including regular taxes and special assessments, and all taxes paid for a period of eleven years can be noted at a glance. It is planned to use this lot ledger system to further advantage by recording the nature of the improvement for each parcel of property so that an analysis of delinquent property can be made rapidly, to include such factors as whether the land is vacant or improved and the type of building.

The Bureau takes pride in the efficiency of this department of the city government as it assisted in securing the necessary enabling legislation and for almost two years worked continuously in coöperation with the officials in planning and installing the present systems.

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Bureau of Business Research of the University of Kentucky.—The Bureau has devoted considerable time in recent months to the administration of CWA projects. In the main these are federal projects conducted for the TVA. The most fruitful of the investigations, in terms of the program of the Bureau, have been those concerned with county and municipal finances and finance trends and those relating to the statutory provisions for local finance in Kentucky.

A number of investigations bearing directly on legislation proposed in the current session of the general assembly have been submitted by report to individual members of the legislature or of the administration. In most cases reports have been submitted in the form of bills plus, in many cases, supplementary memoranda. In particular, several revenue bills have been drafted and memoranda provided by way of explanation. In some cases too the Bureau has served simply as a bill-drafting agency.

The Bureau has continued to advise with municipalities and, more frequently, counties, regarding budgets, record keeping, and public works projects. In some instances this has involved conference only, but in other cases investigations of fairly substantial scope have been necessary.

In the light of the diversions already described, the long-range research program of the Bureau has been slowed down. However, some work has continued to be done on certain of our sustained investigations. In particular it is hoped that certain sections of the analysis of the results of the tax reforms of 1917 and the investigation of gasoline tax administration and of municipal gasoline tax problems can be brought to completion during the spring or summer.

James W. Martin

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Colorado Agricultural College.—An excellent survey of county government in Colorado has been completed by G. S. Klemmedson, associate professor of rural economics and sociology, and S. R. Heckart, research fellow. Colorado has 63 counties differing widely in population, area, and wealth. There are 41 counties which do not have a population of 10,000. There are also 41 counties which do not have a town of 2,500 population, and about 40 counties whose county seats are not developing into active trading centers. This study indicates that the consolidation of counties into not more than 30 might be expected to reduce and equalize the cost of county government and improve the quality of public services. The annual savings from consolidation should amount to at least $750,000. A map is presented showing proposed consolidations which would reduce the number of counties to 22. The authors point out that the present trend towards state assumption of county functions, such as highway construction and maintenance, welfare and public health, indicates that the county is breaking down as a governmental unit and will soon remain only a skeleton government. Preservation of the county depends upon a reorganization which will make the county a satisfactory and economical administrative unit. The difficulties and practical obstacles to county consolidation are not lightly dismissed in this report, however. In fact, the conclusion of the authors is that the assumption of certain functions by districts comprising several counties or by the state, and the adoption of modern methods and principles of public administration, seem to promise more relief to the taxpayer than outright county consolidation.

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Toledo Commission of Publicity and Efficiency.—The completion of one of the CWA projects organized by the Commission has revealed that in the past five years the citizens of Toledo have saved $100,000 by publishing city ordinances, resolutions, legal notices, and legal advertisements in the Toledo *City Journal,* instead of in a regular newspaper which would have charged for these insertions at the regular legal rate. The Toledo *City Journal* is published each week by the Commission and, in addition to material which according to law must be printed for general distribution, the *Journal* reports the proceedings of the city council, the research work of the Commission, and devotes a large amount of space to editorial comment and to news of local government developments throughout the country. In comparing the cost of publishing legal notices in the *City Journal* and in a regular newspaper, the entire cost of the Commission of Publicity and Efficiency to the city was considered. Thus, all of the savings which the Commission has effected by its economy and efficiency surveys and recommendations can be said to be clear profit for the taxpayers. It would seem that other cities might consider the establishment of a city journal as a possible economy measure.

A report on a classification and compensation plan for employees in the municipal service of the city of Toledo has recently been completed and submitted to the city council. The report sets forth the reasons which made a personnel survey necessary and deals briefly with the nature of the classification and compensation plan proposed, and the administrative procedures which should be adopted to insure successful operation of the plan. The remainder of the report presents the proposed salary schedules and the definitions of the positions in the proposed classification system.

It is estimated that the adoption of the recommendations of this report would result in a saving to the city of approximately $450,000 a year.

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Baltimore Commission on Governmental Efficiency and Economy.— The Commission's report dated February 15, and entitled "Baltimore's Financial Position at the Beginning of 1934 and Important Factors Responsible for it," contains an excellent account of the work of this unofficial governmental research agency since its organization in 1923. The report is a mimeographed document, nine pages in length and unspectacular in format, but it presents a story of solid accomplishment. It is worthy of careful study by research directors and research bureau supporters and should be brought to the particular attention of citizens in those larger cities of the country still without an independent governmental research agency.

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Cincinnati Bureau of Governmental Research.— A comprehensive survey of the operation of the clerk of courts' office has been completed and a report has just been published.

It is estimated that as much as $60,000 (more than one-third of the total cost of this office in 1933) could be saved annually by the adoption of the recommendations outlined in the report. Many of the recommended changes in procedure, however, could not be made without enabling state legislation.

Some specific recommendations of the survey are: merge the offices of the clerk of municipal and common pleas courts, thus permitting joint use of personnel and better office arrangement, reorganize the combined forces and install more efficient office practices, dispense with the court messengers of judges of the common pleas court, place all employees in the clerk of courts' office under civil service, readjust salaries to bring them into line with city salaries, attempt to secure the coöperation of attorneys in reducing the number of cases requiring a complete record, use the photostatic method of record reproduction more extensively, revise and simplify the record system and install better procedures for the collection of court costs assessed against litigants, make the jury commission of the county courts the jury commission for the municipal court, establish a joint organization to handle the work of bailiff of the municipal court and the work of the sheriff's office on civil cases, and use service by mail instead of service by personal messenger (deputy sheriff or bailiff).

This survey is especially important in view of the fact that many counties in Ohio are considering a complete governmental reorganization under the county home rule amendment adopted last November. R. C. Atkinson, a member of the staff of the Ohio Institute and one of the experts who has been in close touch with the county reorganization movement in Ohio, collaborated with the regular staff of the Bureau in this survey and in the preparation of the report.

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American Municipal Association.—The first issue of the bi-monthly news bulletin, *The United States Municipal News,* was published April 10, and distributed to members of the Association and of the United States Conference of Mayors, co-sponsors of the periodical. The purpose of this bulletin is to give spot news concerning the activities of American cities. The first issue summarizes interesting ordinances recently enacted by ten large cities, notes efforts being made in six or eight cities to develop new sources of revenue, and reports other municipal happenings under the heads: utilities, municipal law, relief, police, retrenchments.

Paul V. Betters, executive director of the American Municipal Association and secretary of the United States Conference of Mayors, is the editor of the new periodical.

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Arkansas Peoples' Conference on Government.—The annual public meeting of the Arkansas Peoples' Conference on Government has been announced for June 10-11, at Horseshoe Plantation, near Hughes, Arkansas. The annual conference will receive research committee reports dealing with state and county governmental reorganization as well as educational administration. Four public sessions will be devoted to a discussion of the subjects which follow: public education in Arkansas, public welfare in Arkansas, county consolidation and the proposed initiative model salary act for county officials.—Kenneth O. Warner, University of Arkansas; Chairman, Peoples' Conference on Government.

County and Township Government

New department in "Review" established in recognition of growing interest in this field

EDITED BY PAUL W. WAGER *University of North Carolina*

EDITOR'S NOTE: This represents the first appearance of a department in the REVIEW devoted exclusively to county and township government. The addition of this department is in recognition of the increasing importance of and growing interest in this field of government. The REVIEW has never neglected or overlooked the importance of rural local government but the very fact that the activities of city governments are more conspicuous and more publicized than those of counties and townships has probably caused the former to receive a disproportionate amount of space in the news. Another reason has been that the rural units of government have not had as alert reporters and press agents as the municipalities.

Within recent years, however, there has come to be a great deal of stirring within the counties and towns. Experiments are being made, reorganizations effected, functions reallocated; here perhaps is the most active sector in the governmental battlefront. Hence, there has arisen a demand from students and observers in this field for a channel of exchange information that is prompt and authentic. Those who are trying to effect improvements in Louisiana want to know what is being done in Virginia or Pennsylvania, and those working in Pennsylvania want to know what is happening in Michigan or Colorado. In response to this demand this new department is being established.

The usefulness of the department will depend of course on the correspondents from the several states. Already a representative from each of about twenty states has volunteered to serve for a year as correspondent for his state. While no one individual can keep fully abreast of developments in all the counties of his state, he is ordinarily in a better position to do so than a nonresident. Moreover, it is hoped that all readers of the REVIEW will take it upon themselves to bring to the attention of their correspondent items which he might otherwise overlook. Finally, it is hoped that the department will soon have at least one correspondent in every state; therefore the names of further volunteers would be welcome.

The editors of the REVIEW wish to take this opportunity to thank those who contributed notes this month. We know that some of them went to considerable trouble and expense to secure and verify the items submitted. This effort is indeed appreciated.

PAUL W. WAGER

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Georgia—Benefits of County Consolidation.—The *Citizens News*, county political news weekly of Atlanta, Georgia, on February 23 published a short unsigned article giving the results of the merger of Campbell and Milton Counties with Fulton County. The merger was effected January 1, 1932. It pointed out that 87 per cent of the savings realized by residents of the Campbell and Milton districts were being borne by the taxpayers of the Fulton area. Nevertheless, it concluded that the merger was worth while, not only because it equalized tax burdens but because of the improved public service brought to the residents of the annexed counties.

For years prior to the merger the tax rate in Campbell County had been 17.5 mills. The rate in Milton County was reduced to 10 mills in 1931 but for years prior to that had been 13.7 mills. Now the taxpayers of the entire area pay the Fulton rate of 10.5

mills even after large reductions in property valuations have been made.

Great improvements have been made in the schools. Eight independent city school systems, each with its own board, superintendent, and other officials, have been consolidated into the county system. Sixteen schools in what was formerly Milton County have been reduced to six. Adequate transportation has been provided and attendance has increased. The office overhead of the Fulton County system has increased only slightly, two additional clerks having supplanted the officials under the old systems.

Roads throughout the area are being cared for by the Fulton County public works department and have been greatly improved. Police protection has been extended to the annexed areas, these districts now being served by policemen on regular beats, who are equipped with police radio sets. The citizens of what formerly constituted Campbell and Milton Counties are enjoying all the advantages provided by the Fulton County organization, with a 40 per cent reduction in taxes, and without adding appreciably to the burden of the Fulton County taxpayers.

J. T. Askew.

University of Georgia

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Louisiana—Report of Tax Reform Commission.—At its regular biennial session in 1932 the Louisiana legislature provided for the creation of the Louisiana Tax Reform Commission, consisting of five members from each house of the legislature. The information which it compiled, together with its recommendations, were submitted in the form of three reports, and the information and suggestions may in turn be classified or grouped into three parts. The first has to do with the relation of local government to the general tax problem. The second considers the present tax system and recommends certain changes. The third has to do with the reallocation of functions between the local and state governments.

The commission points out that the local governments of Louisiana are largely responsible for the heavy general property tax levied each year. It therefore recommends full and complete publicity of the financial condition of a local area prior to an election in which a special tax or a special bond issue is to be voted upon. It also recommends the creation of a special tax board to pass upon the advisability of all proposed special taxes or bond issues. If the state board does not approve of the proposed special tax or bond issue, a two-thirds vote by the resident property-owning taxpayers would be required to adopt it.

In regard to the reallocation of functions, the commission advocates the setting up of a minimum program of public education to be maintained by all parishes, with the cost met from both state and local taxes. In other words, it proposes such an extension of the present system of state aid as will make possible equally efficient educational programs in all parishes regardless of their financial condition. Moreover, it recommends that the state assume the payment of all outstanding parish and road district bonds, both interest and principal. It recommends that the right of the parishes to levy a one cent per gallon gasoline tax be rescinded, and that the same be levied and collected by the state and returned to the parishes in proportion to their respective populations.

The survey reveals the close relationship existing between local government and the system of taxation now in effect, and how reform in either field must be based very largely upon reform in the other.

R. L. Carleton

Louisiana State University

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Virginia—A County Judge Replaces Justices of the Peace.—A marked improvement in the administration of justice has been seen in those counties in Virginia where the trial justice system has been used. The general satisfaction with this system is reflected in the recent act of the 1934 general assembly which makes the adoption of a trial justice mandatory in each county (including all incorporated towns) or group of counties which may consolidate for this purpose. Under the terms of this act, the trial justice is appointed for a term of four years by the circuit court for the county. He has exclusive original jurisdiction for trial of all offenses against local laws and regulations. His jurisdiction extends to all misdemeanors arising under all laws of the Commonwealth. His jurisdiction in civil and criminal cases is the same, within limits of the territory for which he is appointed, as that of civil and police justices.

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Abolition of Fee System.— The fee system as a means of compensating local officers was given a severe blow by the recent act of the Virginia assembly which places attorneys for the commonwealth, treasurers, and commissioners of the revenue (for both counties and cities) upon a salary basis. The act provides a minimum and a maximum salary for counties and cities according to population of each. The state tax commissioner has said that the abandoning of the fee system would result in a saving to the commonwealth of at least 10 per cent of the previous cost of this item.

James E. Pate

William and Mary College

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Tennessee—War Declared on "Fee Grabbing".— Readers of the Review will doubtless recall John W. Manning's article several years ago giving an exposé of the practices of "Injustices of the Peace". The evils incident to maintenance of justice-of-the-peace courts are universal in Tennessee, but the urban counties that include five or six major cities have been most acutely afflicted. In Hamilton County with its county seat, Chattanooga, a movement has been initiated by selection of a committee of one hundred from various civic organizations, to study and report upon ways and means of mitigating the evils, and to enlist legislative support for the necessary measures. At the initial meeting of the committee, Mr. George Fort Milton, president and editor of the *Chattanooga News,* said: "Whatever may be the difference of opinion within our community as to political parties and social philosophies, there is none whatever now that the time has come to put an end, promptly and decisively, to fee grabbing. Its only defenders are its practitioners, the men who coin their living out of the blood and sweat of the poor and unfortunate, and even these are silent and afraid."

Outright abolition of the justice of the peace is impossible under the present constitution; but the legislature has full power to limit the jurisdiction of all inferior courts. However in all too many counties, the legislative delegation is obligated to the magistrates who compose a large part of the county "rings", and in the last analysis any proposed measure must run the gauntlet of both rural and urban legislators.

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Tennessee Valley Institute.— The University of Chattanooga this year begins an annual institute featuring the Tennessee Valley Authority experiment, as a successor to the Institute of Justice. In addition to addresses by TVA directors and others, seven round table discussions are organized. There are three round tables on county government in the south and Tennessee, led by Professor George W. Spicer of the University of Virginia and Professor Charles M. Kneier of the University of Illinois. Dr. H. A. Morgan, TVA director, will lead the round table on "Interdependence of Rural and Urban Population".

F. W. Prescott

University of Chattanooga

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Kentucky—Cost of County Government to be Reduced.— The recent session of the Kentucky legislature which adjourned March 15, took several steps toward the reform of county government in the state and as a result of the legislation enacted, it is estimated that there will be a saving of some five million dollars annually in the cost of county government.

During the sixty-day session of the legislature some one hundred and fourteen bills were introduced dealing with the county. A large number of these, if passed, would have done serious damage to the cause of good county government. In the interests of efficiency and economy in the county, the Kentucky Tax Reduction Association sponsored nine bills designed to improve conditions in Kentucky counties. Of these nine bills, two were tabled and seven passed the lower house. Five of these passed the senate and subsequently were approved by the governor.

The five measures enacted into law which deal with the reorganization of the county may be summarized as follows:

1. County Budget Law. This act provides for a uniform budget for all counties and establishes a budget commission in each county composed of the county judge, the county attorney, and one citizen holding no other public office. The commission is

required to classify all expenditures of county funds in separate budget items, the total of which must not exceed anticipated revenues. Liability is fixed upon each member of the fiscal court (the Kentucky county board) voting for any expenditure in excess of the budgeted amount.

2. County Inspection Law. This act provides that the state inspector and examiner shall examine once a year the books, accounts, and official papers of all county officers receiving and disbursing county funds. At present the examiner is permitted to examine only the records pertaining to the collection and disbursement of state tax money handled by county officials. This new law should reveal, among other things, the exact amount of fees collected by the sheriff, county clerk, etc.

3. Abolition of the Office of Jailer. This act provides for the consolidation of the office of jailer with that of sheriff in all counties, effective at the expiration of the term of the jailers now in office. There have been one hundred and twenty counties in the state, each with its sheriff and its jailer. The saving possible under this act will be the difference in the compensation of a deputy sheriff as custodian of the jail, and the compensation of the present jailers who are entitled under the law to keep for themselves an amount up to $5,000 a year.

4. Abolition of the Trustees of the Jury Fund. This act abolishes the trustees of the jury funds and the jury fund as well, and provides for the payment of jurors by the circuit court clerk.

5. Fiscal Year Changed. This act enables counties to operate more nearly on a cash basis by providing that the fiscal year shall begin July 1, after the bulk of tax money is paid in, instead of being the calendar year, as at present.

All in all, it appears that county government in Kentucky will be improved as a result of the five bills which have been added to the statute books. A great deal of the credit for the passage of this legislation is due the governor, the attorney-general, and the state inspector and examiner, as well as the Kentucky Tax Reduction Association.

John W. Manning
University of Kentucky

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Michigan—County Reorganization by Constitutional Initiative.—Petitions are now being circulated in Michigan to place on the ballot next November a constitutional amendment for sweeping county reorganization. Following the defeat of comprehensive constitutional amendments for county reorganization in the Michigan House of Representatives in 1929 and in 1933, an attempt was made to pass a measure recognized as a compromise in a special session of the state legislature held early this year. This compromise would have left the county boards of supervisors as they are now organized with township and city representation. It was passed unanimously by the state senate, but again failed in the house. On the heels of this defeat, a state committee on county reorganization was created to put a constitutional amendment on the ballot next November by initiative petition. Following the successful experience of Ohio, Michigan now resorts for the first time to constitutional initiative for purposes of county reorganization.

In order to place the amendment on the ballot, approximately 170,000 signatures must be secured by July 1, 1934, and filed with the secretary of state. The amendment was drafted by a sub-committee which included Claude H. Stevens, Divie B. Duffield, Mrs. A. R. Pribil, J. M. Leonard, Thomas H. Reed, and Arthur W. Bromage. The campaign in behalf of the amendment will be conducted by a state-wide committee with William P. Lovett acting as secretary and Clarence V. Smazel as field agent.

The proposed amendment permits the elimination of existing county constitutional offices; allows counties, if they so desire, to continue under the present general law organization; and authorizes creation of new plans of government both by optional law and by county home rule. The amendment follows in general principle the recommendations of the committee on county government of the National Municipal League, although it provides for submission of plans of government directly to the people of a county by the county board or by initiative petition without the action of a charter commission.

Arthur W. Bromage
University of Michigan

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New York State.—Numerous bills dealing with county reorganization were considered by the legislative session just ended. For a detailed account turn to page 269.

Taxation and Government

Efforts to collect tax arrears continue on state and local fronts

EDITED BY WADE S. SMITH

[illegible]

Ohio Passes Tax Receivership Bill.—On April 4 Governor George White signed House bill No. 28, adding Ohio to the list of states in which rents and other income from income-producing property which is delinquent in its taxes can be administered by the treasurer or collector to satisfy the unpaid taxes. Illinois and New Jersey already have similar acts, while a similar bill is pending in the New York legislature. Michigan and Iowa have existing laws under which municipal collectors have in some cases followed a similar procedure, while in a scattering of other localities rents are attached under more or less extra-legal arrangements.

The Ohio act differs from those of Illinois and New Jersey in several respects. The court (of common pleas) must approve the maintenance and other expenditures to be made on property in tax receivership. Property having an apparent rental of less than two thousand dollars a year is exempted from the provisions of the act, as of course are properties used exclusively as residences by the owners. Property on which payment is being made under the delinquent taxes installment collection act of March 1933 is also exempted. As in the other receivership laws, neither the prosecuting attorney nor the county treasurer are allowed additional compensation for services in connection with the receiverships.

*

State-Wide Pay Your Taxes Campaign in Texas.— Faced with uncollected taxes amounting to $120,000,000, Texans have for the past six months been doing considerably more than merely sit and wait for something to happen. Dallas, Houston, Beaumont, and other cities have staged intensive tax-collection drives with good results. Now the effort is being extended to include the whole state. Writes Judge James R. Curtis, of Longview:

"The Texas Junior Chamber of Commerce, consisting of chapters in seventeen representative cities of Texas, during the week of March 19 sponsored a state-wide 'Delinquent Tax Week.' An intensive educational drive was conducted through the medium of newspapers, radio, and local work. Each local Junior Chamber of Commerce provided speakers for civic and luncheon clubs.

"The campaign was purely educational and no one was personally solicited to pay their delinquent taxes. The campaign was centered on why delinquent taxes must be paid to avert chaos in local and state government. The slogan used was 'Collect—Don't Levy Additional Taxes!'

"An interesting side light on the campaign was that Governor Miriam A. Ferguson would not endorse the 'Delinquent Tax Week,' but stated she was in favor of a 'Prosperity Week.'"

Literature distributed during the campaign stressed the fact that the majority of tax delinquents actually could pay if they would make the effort, and urged conscientious taxpayers to agitate for payment in order to avoid future higher levies occasioned by the delinquencies. It recognized the need for reorganization of the revenue system, but emphasized that the immediate problem was to collect back taxes.

*

Tax Limitation Urged in New York State.—A bill now pending[1] in the judiciary committees of the senate and assembly of the New York legislature provides for a constitutional amendment limiting the tax on realty to 2 per cent of its true valuation in any single year. The bill also provides for the consolidation of all tax levies under central collecting agencies, which would distribute the taxes to the several units. Should the bill be passed it must be repassed at the next session of the legislature and then submitted to the voters. A present 2 per cent limitation applies only to cities of over 100,000 population and to the counties in which they are situated, and does not limit the total of overlapping levies.

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[1] As this goes to press we learn that the legislature adjourned without taking action on this measure.

Arguments advanced in support of the bill by its sponsors, the most active of which are the realty interests, are typical of those put forward in support of similar measures elsewhere. In a press statement attributed to a representative of the Erie County Economic Council of Buffalo it is said: "The amendment is not an experiment; it follows similar amendments adopted and in force to relieve similar conditions in Ohio, Michigan, Oklahoma, Washington, and West Virginia." Since the municipalities in each of these states are in distress caused to a large extent by tax limitation laws, the experiment would seem to border on the "noble" variety. It is also questionable whether the present high record of New York State municipalities, with not a single default, could have been maintained had they been forced to operate in the vicarious manner accompanying tax limit laws elsewhere.

The tax limit proposed would include debt service—an ironic note when it is considered that New York State banking laws prohibit after 1938 the investment by savings banks and other fiduciaries in municipal obligations not backed by unlimited taxing power.

Sponsors of the bill argue also that the limit will rectify the present inequalities of assessments throughout the state. Obviously state supervision of assessment procedure, with a state-controlled board of review, is the answer to this problem. Leaving aside the question as to what extent property "values" have been inflated by the realty interests themselves, with a consequent increase in the tax "burden", real estate groups might to better account throw their efforts into more constructive channels than the sponsoring of "limitation" proposals. A scientific "valuation" of real estate by the realtors themselves would go far in helping secure the equality of assessment they desire.

*

Charlotte, N. C., Relists Personal Property.—Taxable but unlisted personal property valued at $10,260,735 was uncovered in Mecklenburg County, from which revenues amounting to $173,000 never before collectible will be available, as a result of the work of an accountant employed by the board of county commissioners. The city of Charlotte will receive about $100,000 of the discovered revenue, of which some $85,000 has been collected to date. The county has received $63,000 and will get about $10,000 more. The listing and collection work was done by Frederick C. Young of Charlotte.

There is little doubt that similar surveys in hundreds of other cities would result in great additions to the tax rolls. Probably no single item of tax procedure receives less attention from assessors and collectors than the personal property tax. The difficulty in listing such property, the difficulty in appraising it, and the frequent impossibility of collection, all conspire to make the personal property tax unworkable and have been instrumental in causing its condemnation by tax theorists and its abandonment in practice. But while the personalty tax remains law in many states, municipalities will undoubtedly be able to swell their revenues to a helpful extent by making a special effort to list and collect on the personal property base.

*

Sumners Bill Passed by Congress.—Just as this issue of the REVIEW was going to press, on May 1, the United States Senate passed, with several important changes, the Sumners bill amending the national bankruptcy act to permit insolvent cities to petition the courts for an adjustment with their creditors. At this writing the bill, which previously passed the House, is in the hands of the conference committee representing the House and the Senate. See the February 1934 REVIEW for further details. A full description of the bill as finally enacted will be contained in next month's issue.

*

Brief dispatches from the office of the attorney-general of the United States indicate that

Uncle Sam's threats to go after income tax defaulters are getting results. A large number are reported to have voluntarily agreed to settlement, and payment of the 50 per cent penalty provided by law.

*

The famed Oklahoma National Guard's most recent effort in behalf of the people of the state has been to protect "the homes of the people" from the ravages of county treasurers who attempt to sell property for delinquent taxes. A previous order by Governor Murray for counties to waive penalties on unpaid taxes is now being tested in the courts.

*

In contrast with the manner in which thousands of civil employees in American municipalities have faithfully performed their duties in the face of repeated salary reductions and payless-pay-days, witness the recent action of the civil servants in France, who responded to a pay cut by threatening "sabotage by disorganizing the government service."

*

"Federal funds should go into schools instead of useless post offices," declared Owen D. Young recently, in discussing the need for aid to local educational programs. "If necessary," he said, "we could have post offices in the rural school buildings."

*

Beer and liquor taxes collected during the first four months since the repeal of the eighteenth amendment, and since the legalizing of beer, have amounted to more than a quarter of a billion dollars, according to incomplete figures compiled by the Associated Press. More than half of the taxes went to the federal government, and there is every indication that municipalities received a much smaller revenue than they had anticipated.

*

The primative urge of the tax striker has not yet been completely dissipated, if the recent disturbance in Pottsville, Pa., is any indication. Upwards of a thousand taxpayers, many of them miners, stormed the Schuylkill County court house, dragged out two of the county commissioners, and read the riot act on tax reduction. Unequal assessments were the cause. The county commissioners promised to hear a taxpayers' grievance committee, and the strikers were appeased.

Councilmen of the town of Cortlandt, New York, abolished the police department of three persons to save $6,000 yearly in expenses. A traffic light will replace the highway patrol functions of the department.

*

Standardization of forms of legal opinions on municipal bonds has been suggested by the Investment Bankers Association, and will be developed by a committee of the organization. Though undertaken primarily for the benefit of bond purchasers, the standardized forms should prove of value also to municipal officials faced with the necessity of putting out long term obligations.

*

The Board of Supervisors of Imperial County, California, recently consolidated the office of assessor and tax collector, and of coroner and sheriff, presumably in the interests of economy. In the words of a well known radio performer, "Its only a beginning, folks, only a beginning."

*

A proposed municipal sales tax of 1 per cent was overwhelmingly defeated in a recent referendum in Birmingham, Alabama. A citizens' anti-sales tax committee led a vigorous fight against the proposed ordinance, which was sought by the city commission.

*

Under an opinion handed down by the attorney-general's office, penalties on Missouri back taxes for 1932 and prior years will be waived and these taxes collected on the same basis as the 1933 taxes, which became delinquent January 1. Accrued city, state, and school tax arrears total $15,000,000, of which about $7,000,000 is for 1933, it was said.

*

State and municipal financing during March totaled $103,861,000, including $7,817,000 of PWA loans, according to figures compiled by *The Bond Buyer.* This brings the total for the first quarter of 1934 to $339,038,311, or about half as much again as for 1933.

*

Boston Pay Your Taxes Campaign.—The recently elected mayor of Boston took office at the start of 1934 committed to an economy program which would cut city expenditures. His inaugural address discussed at length the fact "that the incoming administration will be faced with more trying and difficult problems than any other in Boston's history," and added:

"The new administration assumes office under extremely critical conditions. As of the end of 1933, Boston's cash deficit or the shortage in the cash operations of the city, will probably be found to be in the vicinity of $15,000,000, an all-time peak in the history of the city. Uncollected taxes may amount to about $25,000,000, which is also far in excess of any previous year."

For weeks the mayor was immersed in budget conferences with department heads. Information has leaked into the news columns of many issues of the local newspapers of employees eliminated or to be eliminated from the pay-roll. Attacks have been frequent from various officials including an exchange of verbal bouquets with former Mayor Curley over the radio. Although the final budget has not yet been issued the mayor recently started efforts to stimulate the collection of delinquent taxes.

On March 29 Mayor Mansfield addressed the city assessors at city hall on the eve of their starting the 1934 assessment of property in Boston.

"I am going to organize a tax collector's drive here in this city. I propose in these plans of mine to divide the city into districts, maybe twenty-two or maybe fourty-four—I don't know. That is a matter of detail. I propose to have these big organizations familiar with drives and finances and all that lend me some of their best men to be captains of districts.

"We will have meetings, mass meetings. We will spend some money. We will advertise this drive in the cars, on the radio, and in the newspapers. We will start up some enthusiasm to get this money in that belongs to the city of Boston by showing the very people who are holding back that the only way to reduce their taxes is to pay them. I shall expect the support of the newspapers in the city and of every man, every woman, and every child in the city of the age of reason, who understands this problem. In this tax drive of the collector, Mr. Doherty, and of mine, there is not going to be any politics, and the men who are going to run it are going to be impervious to all political influence. There will be a complete search of the records, a complete search of tax delinquents, of current debtors. There are a great many people that are able to pay their taxes now that are holding back, in my opinion. I received a letter this morning from one of them saying that she was ready to pay her taxes, and had written the letter but had not received any reply, and when she did she would pay the taxes, or words to that effect."

One prominent local newspaper, in its comments on this speech, mentioned the fact that the mayor had been in consultation with certain business representatives who had signified their willingness to coöperate in the tax drive.

The mayor took the first step in the campaign to stimulate tax collections on April 5. On that date he conferred at city hall with twenty-five of the largest taxpayers in the city. A representative of the real estate interests of Boston was asked to select the members of "a committee to determine the wisdom of a city-wide campaign to inspire the payment of over-due taxes."

The large taxpayers called together at the meeting included representatives of various real estate trusts, the telephone company, Conveyancers Title Insurance and Mortgage Company, the Boston Consolidated Gas Company, two railroad lines and the local transit company, the United Shoe Machinery Corporation, a large private hospital, several important banks and the John Hancock Mutual Life Insurance Company. It is evident from this list that many of the most important local and regional financial interests participated in this preliminary discussion.

The person designated by the mayor to select the committee which will make recommendations as to any further effort stated that delinquency arises either from people having exhausted their financial resources or from delay pending the outcome of claims on assessed valuations before a state board of tax appeals which began operations in late 1930. The vice-president of a prominent insurance company expressed willingness to coöperate in a pay-your-taxes campaign but emphasized that city officials and not private citizens should head up such a drive.

Mr. Henry L. Shattuck, distinguished city councilman, treasurer of Harvard College, and a member of the National Municipal League council participated in the meeting at the mayor's office. He is quoted as criticizing the policy of the former mayor in connection with petitions for the abatements of assessed valuations. Equitable consideration was said to be denied to petitioners who had paid tax bills either in full or in part.

As is indicated above the ultimate fate of the mayor's plan to stimulate tax collections is still in doubt.

Herman C. Loeffler, Secretary
Boston Municipal Research Bureau

NOTES AND EVENTS

EDITED BY H. M. OLMSTED

New York City's Economy Bill.—The economy bill finally passed by the New York State legislature and signed by the governor can hardly be recognized as the same legislation so optimistically requested by Mayor La Guardia when he took office over three months ago. The legislators cried politics and played politics until the mayor was forced to make substantial concessions in order to obtain any power whatsoever to balance the budget and obtain federal funds for New York City projects.

The bill which became law does not mention the teachers, except to exclude them from its provisions. There is a separate law which requires the board of education to prescribe for the teachers the same furloughs outlined by the board of estimate for other city employees.

The most drastic concession which the mayor was forced to make was to protect the jobs in the five counties within New York City. These positions, many of them filled by organization politicians, are, to a large extent, unnecessary. The need for county reorganization in New York has been recognized for so long that there is no need to mention it here. Originally included in the unlimited powers sought by Mayor La Guardia, was the power to merge and consolidate county offices. In fact, while he was working for the bill, the mayor made public a long list of positions in the county offices which he proposed to abolish. Under the law as it was passed he has lost that power. The political parasites will retain their jobs and the savings in county offices will be restricted to a 10 per cent saving in each county office made by the head of the office, and furloughs for employees receiving over twelve hundred dollars a year.

Less than an hour after the bill was made law by Governor Lehman in Albany, Mayor La Guardia called the board of estimate into action in New York and passed resolutions requiring furloughs for all city employees receiving more than twelve hundred dollars a year, ranging from one week to one month, according to compensation, with a corresponding decrease in salary of from 2 per cent to 8½ per cent.

On the following days the board met again and effected further salary cuts and abolished positions in the departments directly under the mayor. The cuts and abolitions under the bill take effect May 1, 1934. Many positions allowed in the 1934 budget have been abolished. Most of them have not been filled since the first of the year. In its emasculated form, it is clear that the economy bill will not provide sufficient revenue to make up the $31,000,000 deficit in the budget. Action under its provisions will yield about half of the amount originally estimated.

To make up the remainder Mayor La Guardia is searching for new sources of revenue and has outlined a program of new taxes to be levied. The imposition of new tax levies and increased charges for city services is a disagreeable task for any administration, but something must be done along these lines to provide funds to run New York City's huge governmental machinery and to give the federal government the assurance of a balanced budget which it requires as a prerequisite for federal grants and loans.

In its closing hours the legislature also passed an act creating a charter commission for New York City. The detailed story of this dramatic last-minute action will be found on page 268.

Margaret I. Tanzer

Citizens Union of New York

*

Chicago Votes to Unify Park Boards.—On April 10 the residents of Chicago's twenty-two park districts—three major and nineteen smaller systems—voted overwhelmingly to consolidate them under one appointive board. The nineteen small districts are now administered by a total of ninety-five elected trustees; two of the major districts are under boards named by the governor, and the other is under a board chosen by the circuit court. Through the consolidation various economies of administration are expected; furthermore, a coördinated recreational program for the city as a whole is made possible.

*

Cleveland Goes on Starvation Rations.—Following the defeat in the state legislature of the refunding bill which would have legalized refunding instead of payment of maturing city bonds, a measure strongly advocated by Mayor Harry L. Davis of Cleveland, that city is adopting intensely drastic economies. Nevertheless, because of huge tax delinquencies, it is unable to meet bond principal requirements. Out of only $7,260,000 expected tax revenues, $4,000,000 goes for interest and sinking fund, leaving a residue for only the most meagre basis of municipal services. In the first week of April Mayor Davis is reported to have discharged seven hundred city employees, reduced by half the collection of garbage and rubbish, the cleaning of city property, and street lighting; cut by more than half the appropriations for the departments of building inspection, food and drug inspection, horticulture, and the municipal court; closed city bath houses except for two days a week; wiped out all appropriations for city beaches and playgrounds this summer; and there are many minor but deplorable reductions of other services. A deficiency bond issue of $4,000,000 is to be voted on in May, which is not, however, expected to enable the city to resume anything like normal service.

*

City Government Studied in Rochester, Minnesota.—A group of some thirty-five business and professional men in Rochester, Minn., has been studying the government of that city as a result of an informal organization meeting held last fall under the leadership of a small committee, several of whom have been associated with Chamber of Commerce activities. A series of twelve dinner meetings at semi-weekly intervals was held, each meeting taking up a specific phase of municipal activities, usually presented by the official in charge, followed by open forum discussion.

Future plans call for the formation of small committees, each charged with responsibility for direct research into a certain aspect of city management or the operation of a given city department. It is contemplated that the results of this research will form the basis for future meetings and discussions by the members and ultimately give rise to constructive suggestions for improvement in local city government.

The group has styled itself the Rochester Municipal Research Bureau. Its work, as outlined above, consists chiefly of lay rather than professional research. The secretary of the bureau is G. S. Schuster, whose office is at the Mayo Clinic.

*

City Bond Sinking Funds Should Be Trust Funds.—The safeguarding of city bond sinking funds placed with banks as a general deposit requires that these funds should be designated and held as a trust by the bank. The special title, such as "Improvement Sinking Fund", without more, does not give these funds a prior claim in the event the bank is closed by legislative act or becomes insolvent.

The Illinois Supreme Court, December 22, 1933, decided against a bondholder claim for a preference under the following circumstances: (People vs State Bank, 188 North Eastern Rep. 546):

The city treasurer of R. called for payment of matured paving bonds issued by another municipality, W. In the State Bank of W. there was a deposit held as a sinking fund for payment of these bonds having the title "Special Paving Funds". A check was drawn against these funds to pay the bonds and a bank draft in the same amount was sent to the treasurer of R. in payment of the bonds; but before it could be presented for payment the State Bank of W. was in the hands of the state receiver. Suit by R. for collection on this check from the state receiver was held not entitled to a preference over general depositors of the closed bank.

The inference is clear that had these sinking funds been held by the failed bank as trust funds, and had a draft been issued direct on these funds in favor of the bondholder, a prior claim against bank assets might have been allowed by the state bank receiver. Three and a half years passed before the litigation ended. Just what the bondholder received as a general creditor is not stated. For many bond investors the cost of litigation, the law's delays, and the commingling of sinking funds with a bank's general funds place a bond owner in a hopeless position. The distinction between a sinking fund held under a special title by a bank as a general depositor fund, and held as a trust fund by the bank by special contract, should be recognized by public officials and by all purchasers of municipal bonds. This applies particularly to small bond issues, which in the aggregate amount to several billion dollars, in the hands of widely scattered investors. Municipal securities having a questionable payment status, or not entitled to a priority in the event of failure of the bank holding the bond's sinking fund, are not desirable investments.

Horace H. Sears

*

Secretary of Treasury Favors Elimination of Tax-exemption from New Governmental Securities.— Secretary of the Treasury Morgenthau has appeared before the judiciary committee of the House of Representatives to state that the treasury department favors as a permanent policy the elimination of the exemptions from federal income tax now accorded to the interest on federal, state and municipal securities, in so far as future issues of such securities are concerned. The secretary stated that he had been informed that a constitutional amendment would be required to enable the federal government to tax the interest on state and municipal securities. In his judgment, such an amendment should be drawn on a reciprocal basis permitting the states to tax the income from federal securities.

Cornelia B. Rose, Jr.

New Purchasing Plan for New York City.— After an investigation and survey covering a period of months directed by Russell Forbes, Commissioner of Purchase for New York City under the new administration, a plan for unifying the purchase and storage of city supplies is being worked out. For years each department has bought and stored its own supplies, but under the proposed plan of centralized purchasing, substantial advantages are looked for in the form of lower prices, due to quantity purchasing, and a large reduction in the amount of goods necessary to be kept on hand. The plan also contemplates better inspection methods and elimination of political influence.

A survey conducted by E. A. Workman, Director of Stores, revealed $4,000,000 worth of supplies stored in department warehouses, instead of which a small number of centrally located storehouses is planned, thereby cutting in two the quantities required to be kept on hand. There are now about a hundred and fifty city storehouses and storage yards and twenty-two repair shops, with a total annual pay-roll of nearly $2,000,000, much of which is expected to be saved by the plan.

*

Cities Feel Higher Cost of Living While Meeting Increased Needs of Employees.— Because of drastic salary slashes that have been made and the increased cost of living now being felt by employees, one-fifth of 210 municipalities reporting in a survey made by *Public Management*, journal of the International City Managers' Association, state that former pay cuts of their employees have been restored in whole or in part. Forty-six other cities anticipate taking similar action soon, thus emulating the federal government and industry as well as the cities referred to. Among the larger cities that have made restorations are Baltimore, Cincinnati, Detroit, Lynn, Nashville, New Haven, and Springfield, Mass. Only nine of the 210 cities have not reduced salaries; reductions in the others average 17 per cent.

While cities are thus attempting to meet the needs of their employees, they themselves are feeling the increased cost of living. A survey embracing 143 cities indicates that they are paying about 18 per cent more for their supplies and materials now than they were nine months ago. The increased cost is largely ascribed to attempts of some manufacturers to take unfair advantage of the NRA price codes.

Cincinnati showed a 9 per cent increase in contracts of 1934 over the same contracts for last year; New Haven reported that lumber prices have advanced 25 per cent, school supplies 33 to 50 per cent, public works items about 25 per cent, and fire department items from 10 to 15 per cent; while Milwaukee has filed a complaint with the Consumers' Advisory Board because bids received on electric cable it wanted to purchase were 62 per cent higher than a year ago, all bids were identical, and manufacturers had insisted on f. o. b. delivery.

The increased cost of municipal supplies under reduced budgets and the difficulty of complying with some of the codes were explained to NRA officials recently by representatives of the five thousand cities included in the memberships of the United States Conference of Mayors and the American Municipal Association.

*

Municipal Training Schools for Officials, New York State.—The program of training schools for various groups of municipal officials under the auspices of the New York State Conference of Mayors and other Municipal Officials, which was interrupted by the depression but has been resumed, included a school for assessors on March 12, 13 and 14, in Albany. This was under the joint direction of the Mayors' Conference and the New York State Department of Taxation and Finance, and was attended by eighty-two assessors from forty-five cities and villages.

On April 16, 17 and 18, the Mayors' Conference and the International Association of Public Works Officials also held a training school for public works officials of cities and villages at Troy, New York. The subjects taught at the school included organization and administration of a public works department, preparation of a public works budget and accounting for expenditures, practical application of a public works accounting system, street lighting, purchase of supplies, safety in operations, organization, operation, maintenance and control of municipal motor equipment, workmen's compensation, collection and disposal of municipal refuse, construction and maintenance of sewers, sewage disposal, street cleaning and snow removal, construction and maintenance of pavements, maintenance of unimproved streets, and organization and administration of a water bureau.

*

New York Legislature Approves Governor's Utility Bills.—After an initial defeat in the New York State senate, the two key measures in Governor Lehman's public utility legislative program passed both the senate and the assembly, the latter on April 17. One bill gives cities the right to own and operate municipal electric light and power systems. The other enables the state public service commission to assess, within limits, upon utility companies the cost of rate investigations, and establishes a revolving fund to facilitate this purpose. Passage of the bills was aided by the disclosure of various letters between one of the senators, formerly chairman of the public service committee, and one of the large utility companies, including a letter expressing his hope that his services to the company had been satisfactory in connection with the killing in committee of various bills adverse to utility interests.

*

Excess Condemnation Proposed for Washington, D. C.— Under a bill (S.2904) introduced at Washington by Senator William H. King, chairman of the senate committee on the District of Columbia, the District authorities would be authorized to acquire by condemnation or otherwise land or easements in excess of what is actually needed, for public uses authorized by Congress, "in order to protect public works and improvements and their environs, and to preserve the view, appearance, light, air, and usefulness of such public works and improvements, or to prevent inequities or hardship to adjacent property owners." Upon completion of an improvement the excess land may be sold, subject to restriction if desired, or retained for use in the public interest. Although the right of excess or incidental condemnation, or "marginal eminent domain", exists in various jurisdictions, it has not been available in the city of Washington, where it would seem to be of special value and importance.

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NATIONAL MUNICIPAL REVIEW

JUNE ✦ 1934

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Election Administration in Michigan

An Exploratory Study

• • • JAMES KERR POLLOCK
Professor of Political Science
University of Michigan

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JAMES KERR POLLOCK

University of Michigan

For generations the administration of elections in the state of Michigan has been a neglected field. Beginning with 1929, however, noticeable improvements in Michigan's election system have been marked up to the credit of recent legislatures. First of all, the legislature in 1929 adopted a system of permanent registration for those cities and villages of the state with populations of over five thousand persons, and also provided for the elimination of the names of presidential electors from the ballot.[1] Secondly, in 1931, the legislature enacted numerous changes in the election laws, among which were the following: Decentralization of recounts, abolition of the presidential primary, amendment of the recall statute, centralization of control over elections in the office of the secretary of state, change in the personnel of boards of county canvassers, clarification of the provisions relating to the counting of ballots and several other less important changes.[2] These modifications resulted from recommendations which were made by two special commissions on elections, one appointed by Governor Green and the other appointed by Governor Brucker.[3] These commissions studied the administration of Michigan elections and found many provisions in need of improvement. These two investigations, however, did not have the time to delve very deeply into election administration for they were concerned primarily with legislation rather than administration.

Under the powers granted to him in the election laws, the secretary of state, Frank D. Fitzgerald, for the first time in the history of the state authorized, in 1932, a survey to be made of certain phases of election administration throughout the whole state with the primary purpose of ascertaining the cost of elections.

Pursuant to this authorization, information has been assembled from all parts of the state and the facts thus secured have been compiled, subjected to close scrutiny and analysis, and are now presented herewith, together with certain conclusions and recommendations which are suggested by them.[4]

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[1] Session Laws of Michigan, 1929, Act No. 306.

[2] Session Laws of Michigan, 1931, Acts Nos. 113, 114, and 200.

[3] The first commission consisted of Dennis Alward, Edward Frensdorf, and Roy Brownell. The second commission's members were Claude Stevens, Vernon Brown, Mrs. Dorothy Judd, Clarke Brown, Oakley Distin, John T. Caswell, and James K. Pollock.

[4] I am greatly indebted to a group of my students in my course in political parties and electoral problems for giving me indispensable assistance in compiling the data on which this report is based.

II

A few words are necessary concerning the extent of the survey and the nature of the problem. The Michigan election system is highly decentralized. Every county, city, township, and village has its own set of election authorities, and elections in these various units are conducted quite independently and without much interference from outside authorities. The various county clerks supply the ballots and other election supplies for all state and national elections. Local officials handle their own local elections and also attend to supplying election officials and the whole paraphernalia of elections for state and national elections, whenever they occur. But there is no system of accounting or reporting to one central authority, as, for instance, to the county clerk, so that one can get a complete picture of election administration in the various counties. County clerks have no supervisory power over local election officials in their respective counties such as is possessed by county boards of elections and county clerks in other states.

Returns in state elections are canvassed in the counties and transmitted to the secretary of state, but no cost figures of elections are supplied to any one official in any county nor to any state official, and in order to ascertain the cost of a state-wide election it has been necessary to collect figures from as many as possible of the 1,800 county, township, village, and city clerks throughout the state. This has been a task of enormous proportions and of great difficulty but, after twelve months of effort, returns were received from a sufficient number of units to make the survey complete and representative of the whole state.

Information was requested from all election authorities concerning a variety of subjects which pertained to the primary and general election of 1932. Data for earlier elections were not available. In fact, it was very difficult to secure the data for 1932 alone, even though but a few months had passed since the elections of that year. No attempt has been made to secure figures of the costs of purely local elections, for instance, city, village, and special elections. What is presented, therefore, is not a complete picture of the total cost of elections for a whole year but merely of the total cost of two state-wide elections, namely, the primary and general election of 1932. It would be interesting to have complete figures for all of the election costs of 1932, but the labor required to collect such material can well be saved under present circumstances. In fact, it would have been well-nigh impossible to collect such data. Sufficient figures are here presented to give a good picture of the cost of elections to Michigan citizens. It is a curious fact that never before have the people of the state been so informed on this important phase of public administration.

III

The state of Michigan is divided into 83 counties, 149 cities, 322 villages, and 1,267 townships. Data were received from all of the counties, 129 of the cities, 179 of the villages, and 789 of the townships, making a total of 1,176 returns which were sent in to the secretary of state. This represents 64.4 per cent of all the local governing units of the state. It also represents 88.4 per cent of the total population of the state, or approximately 4,280,000 out of the 4,842,000 persons in the state. It can thus be seen that, although many of the smaller and unimportant units of the state have not complied with the requests made on three different occasions by the secretary of state, nevertheless the returns which have been received are abundant enough and representative enough to permit of sound conclusions. All of the county clerks furnished the necessary figures of county expenditures and most of the clerks of the principal cities, villages, and townships, also complied with the desires of the secretary of state for information.

It should be noted that of the 1,176 returns which were furnished, approximately 10 per cent were not usable because of patent inaccuracies, significant omissions, or because of their incompleteness. This fact constitutes quite a commentary on the way in which election matters are handled by local officials. The request was made to every township, village, city and county clerk in the state by the secretary of state under the authority of Part I, Chapter 2 of the Michigan election laws by which the secretary of state "shall have the power and it shall be his duty (7) to require such reports from the local election officials as may be deemed necessary." Incidentally, it can be said that any number of local officials expressed resentment at being asked to furnish information, and several of them requested reimbursement for the labor (?) expended in furnishing the information.

IV

From the returns the following total figures of the cost of the 1932 primary and general election emerge:

Expenditures of the secretary of state (canvassing, printing, postage and supplies) ...	$ 500.00
Expenditures of the counties (ballots, supplies, recounts, etc.) .	235,849.13
Expenditures for registration of voters (estimated)	302,790.00[5]
Expenditures for all other purposes (pay of election officers, rent of polling places, etc.)	568,346.36[5]
Total	$1,107,485.49

The total vote cast in these two elections for the office of governor was 2,663,379. Therefore, these two state-wide elections cost the people of Michigan 41.5 cents per vote cast. There are 1,987,582 registered voters in the state of Michigan. Therefore, the cost per registered voter for these two elections was 55.7 cents. There were 3,417 election precincts in the state of Michigan in 1932 and the cost, therefore, per election precinct was $324.11 for these two general elections or $162.05 per precinct for each election.

It should be remembered that these figures are for two state-wide elections occurring in the fall of a presidential year. It is obvious that the cost per voter in other elections is considerably higher, for more votes are regularly cast in state-wide fall elections than in spring elections, or in local elections, and, as will be shown later, costs vary little from election to election regardless of the vote cast.

Due to the inseparability, as between primary and general elections, of several items, as for instance registration, it is not possible to present exact figures showing the total costs of each of the primary and the general election. However, the figures show an expenditure for the pay of election officers and the rent of polling places to be:

Primary election	$277,005.19
General election	291,341.17

The expenditures of county clerks for ballots likewise may be presented for the primary and general elections separately. These figures are:

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[5] These figures are on the basis of 100 per cent. Actual returns represent 88.4 per cent of the state's population and the estimated figures above are calculated from the figures collected.

Primary election	$69,646.00
General election	80,058.38

There is not, therefore, any great difference in the costs of these two state-wide elections. The primary is slightly less expensive than the general election.

V

The figures showing the total cost of elections can now be itemized and discussed in detail. Registration will first be presented. It is interesting to point out that heretofore figures have not been compiled showing the number of registered voters in the state. Prior to 1931 township clerks were required to certify and transmit to the county clerk of their county a true copy of the contents of the registration books of the various townships. Since this requirement was eliminated in 1931, no such lists have been filed and no regular means has existed by which registration figures could be secured for the state as a whole. Registration figures are regularly collected and published for their respective states by the secretary of state of New York and by the secretary of the commonwealth of Pennsylvania. But this is not required in Michigan.

From the data supplied by election authorities it has been possible to make an accurate estimate of the number of registered voters in Michigan. This estimate shows that in 1932 there were 1,987,582 registered voters in the state. The population of Michigan according to the census of 1930 was 4,842,325. Therefore, 41 per cent of the total population of the state was registered for voting. The population twenty-one years old and over in 1932 was 2,939,409. This means that 67.6 per cent of the persons of voting age were registered.

The year 1932 represented a great step in advance in the matter of registration, for in this year under a statute enacted in 1929 a new system of permanent registration was installed in all cities and villages of over 5,000 population. It is of considerable interest and value, therefore, to present the figures showing the cost of a complete re-registration of the voters of the state of Michigan.

In 1932 the returns show that 138 local governing units prepared new registration books. That is to say, under the law, in communities of less than 5,000 persons, the old-fashioned registration books are still used. New ones are not prepared until the old ones are so out of date as to be misleading, or so "worn, soiled, or marked that in the judgment of the township or city clerk a new registration book for such precinct is necessary or desirable." The total cost of new registration books in these 138 units was $2,382.31. It is rather curious that so few new registration books were prepared, for it is notorious that hundreds of the registration books now in use are many years old, and are in great need of change. Investigation discloses scores of townships where registration records are quite useless, and several other townships where registration books are not regularly used.

On the other hand, 12 villages (five with populations under 5,000, and seven with populations over 5,000), 30 townships, and 68 cities (five with populations under 5,000, and sixty-three with populations over 5,000), represented in the returns, installed the new system of permanent registration. In these 110 units the total cost of installation of the new system was $265,284.50. Of this total cost, $105,283.68 represents the cost of the new equipment necessary to put the system into effect. This item will, of course, not be repeated in registration costs for many years to come, for once the equipment has been installed the cost of keeping it up to date and adequate is quite small.

The total cost of re-registration in the state of Michigan, as represented in the returns and as pointed out above, amounted to $267,668.81. Inasmuch as this figure represents but 88.4 per cent of the state's population, I have estimated the total registration cost for 1932 to be $302,790.00. With 1,987,582 registered voters, this represents a cost per registered voter of only 15.2 cents. This figure is astonishingly low. It is due primarily to two facts. First, only 248 of the 1,738 registration units in the state prepared new registration records. Only 138 townships and villages under 5,000 population prepared new registration books. This is a very small number indeed and quite clearly indicates that sufficient attention is not being paid to the keeping of adequate registration records in the rural areas of the state. A number of instances will be given later indicating the errors which are possible where inadequate registration records are allowed to continue in use.

In the second place, it is very clear that the installation of the new system of permanent registration in the cities and villages of over 5,000 population has materially reduced the total cost of registration.[6] One of the most striking bits of evidence along this line is the experience of the city of Detroit with the old registration system four years ago in which books were used, and with the new permanent registration system in 1932. This experience has been so well presented by the city clerk of Detroit in a communication to the council that I am inserting the letter at this point.

To the Honorable Common Council,
Gentlemen:—

The new permanent registration system had its first real test at the primary election of September 13. In view of the fact that the installation of the new system not only invoked criticism to the effect that it would slow up voting and disfranchise many citizens lacking in educational attainments, but also that the operating expense would be unwarranted, it was thought the following analysis of how permanent registration worked out in practice would be of interest to your honorable body.

Instead of slowing up the procedure, it was found that voting progressed much more rapidly under the new system than under the old. It required but a moment for an elector to affix his signature and the registration records could then be located in the loose leaf binder in half the time required under the old system where it was sometimes necessary to scan several pages to locate an elector's name. Much to our surprise there were comparatively few people who were unable to at least sign their names and, inasmuch as the act makes special provisions for identification of those who cannot write at all, these citizens were able to vote under the new system as well as the old.

The convenience of transferring by mail under the new system seems to appeal to our citizens, as 2,390 have taken advantage of this method of recording removals since the September 13 primary, and thus saved a special trip to the city hall for this purpose.

The following tabulation of comparative costs of conducting pre-primary registrations under the old system in 1928 and under the new system in 1932 is self-explanatory.

ACTIVITY	1928	1932
Salary and wages	$131,465.48	$ 79,396.42
Automobile service	633.00	415.31
Stationery and supplies	3,317.36	5,824.58
Contractual services	3,582.43	8,742.14
Equipment	2,298.31	36,857.57
Advertising	5,609.98	1,005.31
Maps	1,199.11	1,104.46
Total	$148,105.67	$133,345.79

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[6] Only one city of over 5,000 population failed to install permanent registration. This city was Lapeer.

Total registration	374,919	489,041
Cost per registered voter (without equipment)	38 9/10c	19 7/10c
Cost per registered voter (including equipment)	39 1/2c	27 1/4c

374,919 electors re-registered during the summer of 1928. 489,041 were enrolled during the summer of 1932 and, while 114,122 more people were registered this year than in 1928 the total cost was $14,759.88 less, including the entire cost of files, cabinets, cases, and other necessary equipment.

Respectfully submitted,
Richard W. Reading
City Clerk

The experience of the city of Detroit with permanent registration is not exceptional, for quite universally it has been the opinion of registration officers that the new system of permanent registration has been installed with a considerable saving as against the old system of registration books. The superior efficiency and convenience of the new system is undisputed. Of course, hereafter, with the system once installed, registration costs will drop materially.

It is interesting to list the costs of registration in a number of cities of varying sizes taken at random.

It can be seen from Table 1, below, that registration costs in Michigan cities were uniformly low, and in no case approached the high figures which were associated with the old system of registration books. These low costs, averaging for the 16 cities listed only 17 cents per registered voter, are eloquent proof of the value of using up-to-date methods in election administration. With the equipment installed, cities will now be able to reduce their registration costs further, perhaps by a third, for equipment costs in 1932 made up one-third of the total registration costs.

VI

Under the election law, county clerks are required to furnish the ballots for state and national elections, together with certain supplies. The cost of these services is defrayed by the counties. The county clerks of the 83 counties of Michigan have supplied the information contained in Table 2. This table itemizes the election costs which are defrayed out of county funds. The table also contains interesting figures showing the number of ballots printed for the two state-wide elections of 1932, as well as the cost of the printing of these ballots.

TABLE 1
REGISTRATION COSTS IN SELECTED CITIES

City	Population	Number of Registered Voters	Cost of Registration	Cost per Registered Voter
Hastings	5,227	2,604	509.91	.195
Alpena	12,166	4,957	1,220.61	.246
Mt. Clemens	13,497	6,215	1,146.55	.186
Owosso	14,496	6,129	1,012.40	.162
Marquette	14,789	5,787	1,375.00	.235
Monroe	18,110	7,833	1,211.00	.154
Ann Arbor	26,934	13,867	2,589.00	.186
Port Huron	31,361	14,070	1,600.00	.113
Battle Creek	43,573	19,575	2,410.65	.123
Kalamazoo	54,786	22,109	4,608.03	.208
Jackson	55,187	23,782	3,905.52	.164
Pontiac	64,928	22,404	2,038.52	.091
Lansing	78,397	33,978	3,500.00	.103
Flint	156,492	56,321	8,123.90	.144
Grand Rapids	168,592	70,522	11,274.01	.159
Detroit[7]	1,568,662	489,041	133,345.79	.273
Average cost of registration per registered voter				.171

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[7] It should be noted that the registration problem in Detroit is the most difficult one in the whole state, and one of the most difficult in the whole United States. Thousands of registered voters change their residences every year. Some change several times a year. In about two years 67,000 transfers were made. Actually, therefore, if every registration change were counted as a registration, the cost per registered voter would be very much lower. It should also be added that Detroit's administration of all phases of elections is surpassed in efficiency by no other city in the state.

TABLE 2

COUNTY ELECTION COSTS

	Number of Ballots Printed		Cost of Ballots		Miscellaneous Items										
County	Primary Election	General Election	Primary Election	General Election	Supplies	Delivery	Commis-sioners	Can-vassers	Re-count	Vig-nettes	Adv't & Printing	Postage, Express	Tele-phone	All Other Items	Total
Alcona	2,800	3,200	$ 169.00	$ 375.00	$ 220.00	$	$	$	$	$ 5.65	$	$ 12.50	$	$	$ 782.15
Alger	8,475	17,700	173.00	394.10	336.68	68.82		42.00			46.20				1,060.82
Allegan	21,113	36,595	439.08	714.95	716.58	75.00		42.00		2.35	130.37			192.50	2,312.83
Alpena	12,650	20,000	236.45	870.00	281.30		96.00		68.00†			28.82			1,580.57
Antrim	4,800	5,000	318.00	345.00	203.44	28.98				2.42					897.84
Arenac	5,525	9,650	173.00	340.00	359.83	50.00	48.00	72.00							$1,042.83
Baraga	5,025	9,050	272.75	452.62	381.82	48.00						32.00			1,187.19
Barry	8,385	10,715	201.14	474.26	537.79	16.35		24.60		4.77	37.32			17.86	1,314.09
Bay	50,000	60,000	1,284.65	1,088.10	672.50	248.00	387.00		510.00						4,190.25
Benzie	4,125	8,200	83.50	318.75	209.44										611.69
Berrien	37,621	82,006	1,417.25	2,102.85	1,553.26				222.90			66.74			5,363.00
Branch	15,300	14,000	360.15	1,086.40	1,131.83							48.82			2,627.20
Calhoun	45,430	48,420	337.00	793.60	1,439.59					13.70					2,583.89
Cass	8,802	11,058	190.00	493.00	224.38			13.20		1.25		2.06	1.35	4.32	929.56
Charlevoix	6,965	11,550	316.50	476.55	581.77	42.50		73.60				27.83	20.99		1,539.74
Cheboygan	8,500	13,600	305.00	522.50	1,396.75										2,224.25
Chippewa	12,425	24,200	198.60	266.00	694.40	130.45						46.43			1,335.88
Clare	8,450	9,950	131.78	223.30	535.28	60.00		34.80		3.75		35.09		17.74	1,041.74
Clinton	8,560	11,780	245.43	887.63							46.45				1,179.51
Crawford	1,556	3,100	63.00	135.50	191.96			38.80		8.25	30.50	35.00	7.10		510.11
Delta	20,806	20,240	495.15	717.95	672.85			17.80	104.80		95.14	47.74		10.00	2,161.43
Dickinson	17,450	14,400	430.11	842.25	593.00	96.50					108.81	47.74			2,118.41
Eaton	16,466	31,500	329.20	669.60	355.25			102.00			254.58	57.71		7.37	1,775.71
Emmet	7,500	7,800	164.00	496.40	248.76	57.00		180.00				63.64			1,209.80
Genesee	108,390	176,580	403.52	835.22	2,328.76			208.80		30.69				21.94	3,828.93
Gladwin	6,200	10,900	101.00	263.00	550.01	16.00						24.21			954.22
Gogebic	33,925	27,170	2,101.95	2,047.70	666.33			454.50*			41.00	25.10			5,336.58
Grand Traverse	10,300	21,565	191.95	647.15	506.65									84.89	1,430.64
Gratiot	12,955	33,090	382.16	827.62	616.72						25.00				1,851.50
Hillsdale	16,900	22,190	98.00	835.10	563.39				18.10			56.42		147.40	1,718.41
Houghton	29,500	43,500	444.76	868.06	1,479.82			110.00				71.41		52.20	3,026.25
Huron	18,000	32,940	422.25	717.00	701.94										1,841.19
Ingham	43,100	63,990	1,081.83	1,600.96	1,776.46										4,459.25
Ionia	18,400	16,375	594.80	388.35	901.71						98.20				1,983.06
Iosco	4,000	4,000	185.00	330.59	452.89	28.50						40.48			1,037.46
Iron	7,200	9,600	225.50	435.76	368.42	12.00					46.00	11.43			1,099.11
Isabella	15,600	11,695	500.00	601.50	605.06	4.50		56.96							1,768.02
Jackson	27,875	35,000	640.00	1,203.75	2,091.25							195.21			4,130.21
Kalamazoo	51,150	41,715	2,566.50	2,628.75	313.74			14.70			323.89	2.34		26.00	5,875.92
Kalkaska	2,360	4,100	145.80	247.00	162.89			30.00							585.69
Kent	201,437	250,408	1,680.11	857.66										2,226.63	3,764.40
Keweenaw	2,500	2,500	146.10	205.75	134.26			39.10						40.00	565.21
Lake	3,500	3,500	124.50	124.50	21.85										270.85
Lapeer	15,100	15,250	283.50	583.60	579.98										1,447.08
Leelanau	6,640	8,900	265.60	536.25				149.62	11.80	5.50	36.00			104.38	1,109.15

TABLE 2 (continued)

County	Number of Ballots Printed		Cost of Ballots		Miscellaneous Items										
	Primary Election	General Election	Primary Election	General Election	Supplies	Delivery	Commis-sioners	Can-vassers	Re-count	Vig-nettes	Adv't & Printing	Postage, Express	Tele-phone	All Other Items	Total
Lenawee	28,045	26,400	522.15	1,491.00					144.00						2,157.15
Livingston	7,500	20,000	275.75	568.00	499.90	126.70		147.40							1,617.75
Luce	2,800	3,000	35.00	75.00		10.00	9.00	9.00				30.00			168.00
Mackinac	5,925	8,595	165.50	407.58	687.46						25.00	21.98			1,307.52
Macomb	29,400	28,500	402.00	650.00											1,052.00
Manistee	17,800	9,700	383.61	447.13	250.20			542.40		1.25		36.18			1,660.77
Marquette	21,990	21,468	507.62	618.31	466.78			30.80			88.59				1,712.10
Mason	12,980	18,840	103.50	189.50	563.54			58.80		3.00	20.21	39.74		17.50	995.79
Mecosta	9,295	21,200	139.43	636.00	399.01			34.20		7.33		28.17			1,244.11
Menominee	18,742	12,757	988.50	1,520.50	733.99	60.00						42.76			3,345.75
Midland	12,000	24,000	308.25	458.75	1.81							101.99	51.75	94.50	1,017.05
Missaukee	6,050	6,125	171.00	420.00	334.72									737.00	1,662.72
Monroe	18,700	51,800	647.70	2,190.15	760.13		328.00	195.00				52.83			4,173.81
Montcalm	22,055	30,550	911.75	983.54	266.79		37.40				69.34				2,268.82
Montmorency	4,100	2,150	135.00	135.00	78.50			10.80							359.30
Muskegon	15,025	25,200	823.30	1,004.09								46.91			1,874.30
Newaygo	8,900	8,000	118.70	249.85	404.10							20.00			792.65
Oakland	79,460	174,140	1,434.17	1,240.33	3,553.51			377.50	207.00						6,812.51
Oceana	8,300	16,000	67.17	242.95	472.02			36.00		5.65		26.11			849.90
Ogemaw	4,030	3,375	112.25	225.25	246.32	266.76		67.50							920.08
Ontonagon	6,900	5,725	333.75	476.50	248.00				30.00		38.21			478.50	1,604.96
Osceola	5,925	9,835	193.50	359.75	329.33	50.00	48.00	72.00							1,052.58
Oscoda	1,160	2,150	75.00	100.00	98.85			100.36*							374.21
Otsego	6,500	3,100	129.80	187.50	429.52										746.82
Ottawa	42,000	22,000	717.60	920.00	935.12							70.65	41.68		2,685.05
Presque Isle	7,965	14,650	194.80	387.75	449.55	20.00						30.00			1,082.10
Roscommon	1,665	2,000	88.00	81.00	213.58	59.45				4.60	29.75			56.00	532.38
Saginaw	40,050	68,350	603.75	1,705.00	94.32						4,582.15	91.43		258.00	7,334.65
St. Clair	40,625	36,700	598.00	474.98		120.00						25.00			1,217.98
St. Joseph	36,950	81,850	1,421.00	2,137.40	1,581.60										5,140.00
Sanilac	17,955	29,465	381.50	910.00	770.02						28.80	56.76		14.15	2,161.23
Schoolcraft	5,900	5,900	210.25	332.00	299.90			38.00			62.10				942.26
Shiawassee	15,280	13,000	432.25	650.00	606.56										1,688.81
Tuscola	14,650	15,100	462.50	462.00	401.50									313.00	1,639.00
Van Buren	18,000	20,000	239.00	721.50	1,521.82	19.28					14.60	26.75			2,542.95
Washtenaw	32,017	35,000	803.50	2,560.00	778.73										4,142.23
Wayne	996,000	786,700	33,337.50	21,398.24	5,244.75						1,831.55			11,994.30	73,806,34
Wexford	10,575	20,050	254.50	570.75	602.33						73.30				1,500.88
Total	2,606,895	3,051,177	$69,646.59	$80,058.38	$52,685.87	$1,714.79	$953.40	$3,426.24	$1,316.60	$100.16	$8,183.07	$1,724.98	$122.87	$15,916.18	$235,849.13

*In Gogebic and Oscoda, recount is included in "Canvass" figure.
†Alpena includes recount in primary.

A close study of the data contained in Table 2 demonstrates certain curious facts. First of all, there is a variation in the cost of printing the same number of ballots in different counties. For instance, in the general election in Livingston County and in Van Buren County 20,000 ballots were printed. In Livingston County these ballots cost $568.00, in Van Buren County $721.50. In the primary election in Clare County 8,450 ballots were printed which cost $131.78. Clinton County printed 8,560 ballots which cost $245.43. Ballots cost Genesee County $1,238.74, while Oakland County with fewer ballots paid $2,674.50. Luce and Keweenaw Counties with almost exactly the same populations, printed 5,800 and 5,000 ballots respectively, which ballots cost $110.00 in Luce County and $351.85 in Keweenaw County. Such instances could be multiplied but they are unnecessary to prove the point that considerable attention needs to be paid to the cost of printing ballots. There is little competitive bidding in the printing of election ballots, and the absence of such competitive bidding results in high printing costs for the counties. Until voting machines are universally used, ballots must be used and greater attention should be paid to the cost of their printing. All of the counties of the state expended approximately $150,000 for ballots alone.

The law requires the printing of enough ballots to supply each precinct with "*not less than twenty-five per cent more* than the total number of votes cast therein at the last preceding general November election for the candidate of such party for the office of secretary of state." If only the twenty-five per cent excess of ballots had been printed in 1932, less than four million ballots would have been printed. The figures show, however, that approximately 5,600,000 ballots were actually printed. This enormous excess of ballots over and above actual requirements in part accounts for the high ballot costs. Greater care in ordering the number of ballots should be used.

In the second place, the costs of canvassing in the various counties have little relation to the size of the vote cast. For instance, canvassing costs in Manistee County with a population of 17,000 amounted to $542.40, whereas in Isabella County with a population of 21,000 the canvassing costs were only $56.96. Oakland County with a population of 211,000 had canvassing costs of $377.50, whereas Genesee County with almost exactly the same population paid $208.80 for canvassing purposes. The job of canvassing the votes is a purely routine clerical job. If these canvassing costs are due to extravagances committed by the board of county canvassers, it would be a simple task to amend the law and provide that all canvassing shall be done by the county clerk. If this were the case, a considerable saving would probably result in this item.

In the third place, the total election expenditures of counties bear little relation to the population of those counties, or to the vote cast. Gogebic County with 31,000 persons had a total county election expenditure of $5,336.58, whereas Jackson County with 92,000 persons expended but $4,130.21. Lenawee and Monroe Counties with approximately the same population and popular vote reported $2,157.15 and $4,173.81 respectively. It is obvious that there is the greatest variation in the efficiency and economy with which the various county clerks handle election matters. The two following tables should make this point clear.

Table 3

COUNTY ELECTION COSTS

Ten Most Populous Counties

County	Population	Number of Votes Cast	Total County Expenditures	Cost Per Vote
Wayne	1,888,946	842,132	$73,806.34	.087
Kent	240,511	146,744	3,764.40	.025
Genesee	211,641	116,319	3,828.93	.032
Oakland	211,251	107,705	6,812.51	.061
Saginaw	120,717	67,253	7,334.65	.109
Ingham	116,587	75,323	4,459.25	.059
Jackson	92,304	51,060	4,130.21	.081
Kalamazoo	91,368	48,216	5,875.92	.121
Calhoun	87,043	49,426	2,583.89	.052
Muskegon	84,630	43,404	1,874.30	.043

Table 4

COUNTY ELECTION COSTS

Ten Least Populous Counties

County	Population	Number of Votes Cast	Total County Expenditures	Cost Per Vote
Oscoda	1,728	1,465	$ 374.21	.25
Roscommon	2,055	2,628	532.38	.20
Montmorency	2,814	2,690	359.30	.13
Crawford	3,097	2,218	510.11	.23
Kalkaska	3,799	2,640	585.69	.22
Lake	4,066	4,020	270.85	.067
Alcona	4,589	3,540	782.15	.22
Keweenaw	5,076	3,753	565.21	.15
Otsego	5,554	4,294	746.82	.17
Luce	6,528	4,314	168.00	.038

Finally, attention should be called to the relatively small cost to the counties of recounts. Although the following list indicates that recounts were quite numerous, it is clear from the figures in Table 2 that recounts under the new law practically take care of themselves and no longer constitute a burden on the public treasury.

LIST OF COUNTIES IN WHICH RECOUNTS OCCURRED IN 1932

Baraga	Sheriff
Berrien	Sheriff
Clare	Treasurer
Emmet	State Representative, Emmet-Mackinac District
Gogebic	Judge of Probate
Gratiot	County Clerk
Hillsdale	Judge of Probate
Lenawee	Drain Commissioner
Mackinac	Sheriff County Clerk
Mason	Treasurer Judge of Probate
Mecosta	Prosecuting Attorney State Representative
Midland	Register of Deeds
Muskegon	Drain Commissioner Register of Deeds County Clerk
Oakland	Circuit Court Commissioner Coroner
Oscoda	Sheriff
St. Clair	State Representative
Wayne	County Clerk Prosecuting Attorney (later withdrawn)

RECOUNT FOR SECRETARY OF STATE

Gogebic, Genesee, Gratiot, Kalamazoo, Muskegon, Oakland, Mackinac, and Wayne Counties.

VII

Approximately 50 per cent of the total cost of an election goes for the pay of precinct election officers. There is, therefore, no more important item in election costs than this one and, if any saving is to be made, attention must be paid to the rates of pay which are given to precinct election officials. The following tables show the rates of pay obtaining throughout the state, as well as the number of election officials used in various cities, townships, and villages.

Table 5

COST OF ELECTION OFFICIALS IN SELECTED CITIES

City	County	Population	Number of Registered Voters	Number of Precincts	Number of Election Officials	Pay of Precinct Election Officials	Cost Per Registered Voter
Niles	Berrien	11,326	5,298	6	36	$7.00 clerks 3.00 gatekeepers	$.047
Owosso*	Shiawassee	14,496	6,149	5	25 Primary 31 General	6.00	.032
Ferndale	Oakland	20,855	6,424	8	48	8.00 Primary 10.00 General	.059 .074
Ann Arbor	Washtenaw	26,944	13,867	8	56 Primary 84 General	.62½ per hour	....
Port Huron	St. Clair	31,361	14,070	15	90 Primary 96 General	5.00—12.00	....
Muskegon*	Muskegon	41,390	15,125	16	80 Primary 96 General	8.00	.042—.05
Kalamazoo	Kalamazoo	54,786	22,109	33	132 Primary 161 General	7.00 and 8.00	....
Jackson*	Jackson	55,187	23,782	20	80 Primary 100 General	.50 per hour	....
Flint	Genesee	156,492	56,321	66	330 Primary 350 General	7.00	.041—.043
Detroit	Wayne	1,568,662	525,613	876	5776 Primary 6019 General	8.00 Light Elec. 10.00 Medium Elec. 12.00 Heavy Elec.	.087—.13

*Voting machines used

Table 6

COST OF ELECTION OFFICIALS IN SELECTED VILLAGES

Village	County	Population	Number of registered voters	Number of election officials	Pay of election officials	Cost per registered voter
Copemish	Manistee	266	132	4	$ 3.00	$ .09
Muir	Ionia	448	148	3	3.00	.06
Marlette	Sanilac	990	500	5	3.00	.03
Ovid	Clinton	1,131	372	3	2.50	.02
Deerfield	Lenawee	1,345	202	7	2.75	.095
Reed City Village	Osceola	1,792	961	9	2.00	.018
Northville	Wayne	2,566	1,556	12 (2 precincts)	10.50	.08
Rochester	Oakland	3,554	1,597	6	.75 per hour	
Laurium	Houghton	4,916	1,687	15	4.00	.03
Birmingham	Oakland	9,539	4,429	35	.35 per hour	

Table 7

COST OF ELECTION OFFICIALS IN SELECTED TOWNSHIPS

Township	County	Population	Number of registered voters	Number of election officials	Pay of election officials	Cost per registered voter
Grand Island	Alger	24	11	6	$ 3.00	$1.63
Almira	Benzie	241	176	5	6.00	.17
Maple River	Emmet	538	225	5	.35 per hour	
Laird	Houghton	1,090	445	7	4.25	.066
Burnside	Lapeer	1,263	774	6	4.00	.031
Handy	Livingston	2,032	1,100	6	10.00	.054
Sterling	Macomb	2,462	1,366	3	10.00 and 15.00	
Portland	Iona	2,674	1,653	16	12.50	.12
Port Huron	St. Clair	2,709	1,177	9	15.00	.11
Chesaning	Saginaw	2,744	1,486	7	.50 per hour	
Spring Lake	Ottawa	2,827	1,450	7	5.00	.024
Oronoco	Berrien	3,281	1,700	6	15.00	.052
Bedford	Monroe	4,578	1,809	11 and 14	.40 per hour	
Paris	Kent	5,527	1,817	13	.45 per hour	
Summit	Jackson	6,754	2,873	25 and 27	.50 per hour	

The three following tables show the various rates of pay for various precinct election officials which obtain in the different cities, villages, and townships:

Table 8

RATES OF PAY OF PRECINCT ELECTION OFFICIALS IN CITIES

Number of Cities Represented in Each Salary Group

Rate of Pay	Gatekeepers	Inspectors
30c per hour		1
40c per hour		1
50c per hour		12
60c per hour		1
62½c per hour		1
$2.00 per day	3	
3.00 per day	4	8
3.50 per day		2
4.00 per day	1	7
4.50 per day		1
4.75 per day		1
5.00 per day	2	10
6.00 per day		8
7.00 per day		4
7.50 per day		1
8.00 per day		8
9.00 per day		1
10.00 per day	1	5
12.00 per day	1	5
15.00 per day		3

Table 9

RATES OF PAY OF PRECINCT ELECTION OFFICIALS IN VILLAGES

Number of Villages Represented in Each Salary Group

Rate of Pay	Gatekeepers	Inspectors
35c per hour		1
40c per hour		3
50c per hour		3
75c per hour		1
$1.50 per day		1
2.00 per day	1	16
2.50 per day		1
2.75 per day		1
3.00 per day	1	31
3.50 per day		3
4.00 per day	1	20
4.50 per day		2
5.00 per day	1	8
6.00 per day		3
7.00 per day		2
8.00 per day		2
10.00 per day	1	1
10.50 per day		1
12.00 per day		1

Table 10

RATES OF PAY OF PRECINCT ELECTION OFFICIALS IN TOWNSHIPS

Number of Townships Represented in Each Salary Group

Rate of Pay	Gatekeepers	Inspectors
20c per hour		2
25c per hour	2	2
30c per hour	1	19
35c per hour		12
37½c per hour		2
40c per hour	4	117
45c per hour		6
50c per hour		97
60c per hour		1
$1.50 per day	1	
2.00 per day	16	3
2.50 per day	6	3
2.70 per day	1	
3.00 per day	17	44
3.35 per day		1
3.40 per day		1
3.50 per day	1	8
3.75 per day		4
4.00 per day	10	161
4.25 per day		5
4.50 per day		6
4.80 per day	1	
5.00 per day	8	75
5.25 per day	1	
5.60 per day		1
6.00 per day	5	17
7.00 per day		7
7.50 per day	1	6
8.00 per day	1	16
8.40 per day	1	2
9.00 per day		2
10.00 per day		12
12.00 per day		4
12.50 per day		2
15.00 per day	1	3

It can be seen from the tables above that there is little relationship between the size of the registered vote and the number of election officials. The greatest variation between units exists both in the rates of pay and in the number of election officials employed. Although the election law provides in a permissive way for gatekeepers, the figures show that these officials are not much used throughout the state. Only in the rural areas is much use made of gatekeepers and in those areas there is less need for gatekeepers than in the more densely populated centers. Close study of the tables above will demonstrate that in many areas of the state the pay of election officers is out of all proportion to the magnitude of the task involved. In a number of cities the local governing bodies distinguish between the pay of election officers when working in primaries and general elections. But in most cases the pay of election officers is quite generally at a flat rate regardless of the size of the vote cast. In numerous cases election officials are paid by the hour, a plan which is usually bad, for it leads to the piling up of unreasonable bills and, what is equally important, sometimes causes delayed returns.

Innumerable striking examples of extravagant expenditures for precinct officials can be furnished but a few will suffice to point out the need of attention to this part of election administration. In Grand Island Township in Alger County with 24 people in the township and 11 registered voters, there were 6 precinct election officers for each election who received $3.00 apiece for their work. In Hudson Township, Charlevoix County, with 81 registered voters, the township nevertheless employed 5 election officials at $5.00 per day each. Maple Forest Township in Crawford County with 75 registered voters employed 5 election officers at $5.00 per day each. West Branch Township in Dickinson County with 54 registered voters employed 7 election officers at $7.00 per day each. Caseville Township in Huron County with 87 registered voters employed 7 precinct election officers at $5.00 per day each. A different situation was presented in Point Aux Barques Township in Huron County where the population is 24, the registered voters 21, and where 4 precinct election officers struggled all day with the returns at $4.00 per day each. Blue Lake Township in Kalkaska County, reported in the census returns as having a population of 20, nevertheless has 27 registered voters and employed 5 election officers at $5.00 per day each. Meade Township in Mason County with 44 registered voters paid 5 election officers at the rate of $4.00 per day each. Foster Township in Ogemaw County with a population of 20 persons, a registered vote of 51, and with 43 votes recorded as having been cast in the November election, employed 5 election officers at $5.00 per day each.

Nothing is more important in the administration of elections than the employment of competent election officials. Election officials in Michigan, according to the election laws, are supposed to be persons with sufficient education and clerical ability to perform the duties of the office satisfactorily. They are not intended to be appointed for partisan reasons nor to provide any outlet for the care of welfare patients. It is obvious from the facts collected that election pay-rolls are largely padded with political appointees who are paid at rates far above anything to be found in comparable employment. Election costs in Michigan could be greatly reduced if the number of precinct election officers bore a close relation to the number of votes cast, and if the pay of election officers also depended upon the size of the vote cast.

VIII

A considerable amount of data bearing upon other phases of election administration in Michigan has been collected. In the first place, a study was made to ascertain to what extent the provisions of Sections 3023 to 3028 of the election laws have been complied with. These sections provide that precincts shall not contain more than 650 registered voters in those precincts where ballots are used, nor shall exceed 800 voters in precincts using voting machines. The figures disclose the fact that in the state following the elections of 1932 there were 740 precincts in which more voters voted or were registered than is permitted by law. In many of these precincts, as for instance the 235 precincts in the city of Detroit, the legal size of precincts was only slightly exceeded, and since the November election all of the city's precincts containing more than the statutory number of voters have been divided. In several other cities similar re-districting has been done. However, the remaining violations of precinct size are of considerable importance and of long standing. They constitute a serious criticism of election administration in Michigan. There is no more important point in considering the convenience of the voter than the size of the precinct. In 1932 especially, voters throughout the entire state had to wait in line unreasonable periods in order to exercise the franchise. This condition can be remedied by a strict compliance with the provisions of the election law. In numerous instances precincts in the state of Michigan contain up to 2,000 registered voters and in more than a hundred cases precincts contain over 1,000 voters. Violations are not limited to any one county but are very general throughout the whole state.

One very noticeable fact is that numerous precincts in the state of Michigan contain so few voters as to render secret voting impossible. It seems to be highly desirable that a minimum size for precincts should be set by statute and that Section 3021 be amended so as to make possible the inclusion of several townships or a village and a township into one reasonably sized precinct. It is entirely possible that, with the new system of permanent registration which is now in effect and with another change to be mentioned in a moment, more than 650 voters could be accommodated in a precinct. The matter should be carefully studied with a view to setting both maxima and minima for precincts. At present there seems to be a very general disregard of the provisions of the law.

In the second place, the data disclose the fact that, although Section 3032 of the election laws provides that there shall be one voting booth for each hundred persons entitled to vote in each precinct, in 46 per cent of the townships, 37 per cent of the cities, and 35 per cent of the villages this provision is not observed. In 577 precincts of the state the requisite number of voting booths is not in use in elections. 425 of these violations occur in the townships, 132 in the cities, and 20 in the villages. The failure to provide adequate voting facilities for the accommodation of voters has much to do with deterring citizens from exercising the franchise. With the increased speed obtained by new registration methods, it is doubly important that precincts be equipped with the legally required number of voting booths, namely, one for each hundred persons entitled to vote thereat.

In the third place, the information collected discloses the fact that 11 cities and 1 township in the state of Michigan use voting machines instead of ballots. These places are as follows:

Table 11

USE OF VOTING MACHINES IN MICHIGAN

City	Population	Number of registered voters	Number of voting machines used
Bay City	47,355	20,000	22
Grand Rapids	168,592	70,522	123
Hastings	5,227	2,604	1
Ironwood	14,299	5,900	11
Jackson	55,187	23,782	40
Lansing	78,397	33,978	56
Mount Clemens	13,497	6,215	11
Muskegon	41,390	15,125	34
Muskegon Heights	15,584	5,000	7
Owosso	14,496	6,149	10
Royal Oak	22,904	8,367	15
Saginaw	80,715	31,929	55
Wakefield	3,677	1,547	3
Williams Township (Bay County)	1,866	780	1
	563,186	231,898	389

It can be seen that 11 per cent of the population as well as 11 per cent of the registered voters of Michigan use voting machines in every election. The city of Royal Oak offers an interesting instance of economy resulting from the use of voting machines. For average elections in all precincts having one machine, only three election officials are used. In the general election of 1932 four officials were used in precincts having one machine and five in those precincts having two machines, because of the heavy vote which was cast. Due to the fact that election returns can be ascertained almost immediately with the voting machine, the work of election officers is greatly reduced and their pay can be reduced correspondingly. In the city of Wakefield in Gogebic County there is one central polling place with 1,547 registered voters where 3 voting machines are used. According to the city clerk, the use of voting machines has reduced election expenses to one-half in comparison with paper ballots.

In the fourth place, the study has disclosed the fact that many kinds of ballot boxes are in use throughout the state. These boxes are sometimes of metal, sometimes of wood, sometimes of wood and glass, sometimes of pasteboard. Many of them are homemade, some of them possess a double cover and some do not, and many of them are 30 to 40 years old. Under these conditions there is great opportunity for inaccuracy and fraud. The secretary of state might well be authorized to prescribe a uniform ballot box for all precincts using paper ballots. In this way adequate care will be given to the ballots after they have been marked by the voters.

Finally, attention should be called to the wide variations which exist in the manner of printing and setting up of ballots. The election laws carefully prescribe the details for printing ballots, and yet, from an exhaustive study which has been made as a part of this survey of over 5,000 ballots used in every county of the state, it is clear that many ballots now in use do not comply in every detail with the requirements of the election law. The point has previously been made that the cost of printing the ballots is, in general, too high. The point is now being made that the ballots, as printed, do not comply in every respect with the requirements of the law. Furthermore, even though some ballots comply with the law, they are printed in such a way as to make the ballot awkward for the voter to handle, or less easy for him to mark. It is likely that closer supervision in this respect must be given by the secretary of state. At the present time many county clerks communicate with the secretary of state to ascertain whether or not their ballots are in proper form. This present practice of many county clerks might well be contained in a statutory provision, so that the proof of all ballots used throughout the state could be checked over by the secretary of state. In this way greater uniformity could be brought in the arrangement, content, and printing of ballots. The matter is of considerable importance because elections may well be declared void when ballot papers are not printed according to the specifications of the law.

IX

This survey of election administration in Michigan—the first of its kind and extent ever to be made, and exploratory in nature—calls forth certain conclusions. First of all, election expenditures are too high. Second, elections are not handled with sufficient care and efficiency. Third, steps should be taken to reduce the cost of elections and to increase the efficiency of their administration.

With these conclusions in mind, the following recommendations are submitted.

1. Contracts for the printing of ballots should be awarded only after competitive bidding to the lowest responsible bidder. If this recommendation is not sufficient to equalize the cost of printing in the different counties of the state, it will then be necessary for the secretary of state to approve all printing contracts or to arrange himself for the printing of ballots in various parts of the state.

2. The printing costs of ballots can be materially reduced if certain parts of the ballot are eliminated. It is recommended (a) that the present emblems which are now a part of the Michigan ballot be eliminated, and (b) that the number of elective offices be reduced to the absolute minimum. If these recommendations were put into

effect by statute and constitutional amendment, the size of the ballot could easily be cut in half with a corresponding reduction in printing costs. Furthermore, a wider use of voting machines would result in some savings in election costs, greatly increase the speed and accuracy of the count, and practically eliminate recounts.

3. It is also recommended that, because of the high cost of elections, fewer elections should be held. This would be possible if the terms of public officers were increased and if special elections were reduced to the minimum. The figures here given for per capita cost in two state-wide general elections are considerably smaller than the per capita cost of special elections. If no more than two elections were held each year in any part of the state, the cost of elections would be materially reduced. Serious consideration, therefore, should be given not only to the reduction in the number of elective officers but also to the possibility of increasing the terms of the elective officers remaining in order to reduce the number of elections.

4. The state election law should be amended to provide more definite restrictions as to the number and pay of precinct election officers. It is preferable to leave this matter to local officials and, if all local units in the state used the same judgment and discretion as is exercised by the election authorities of the city of Detroit, for instance, no state prescription of rates of pay would be necessary. But the wide variation which now exists, together with the outrageously high rates which obtain in so many units, seem to point to the necessity of some kind of state-wide regulation of the number and pay of precinct election officers. Furthermore, it is recommended that all local election authorities be made better acquainted with Section 3053 of the election laws which requires the appointment of qualified persons as election officers.

5. It is strongly recommended that a greater centralization of power over election matters be concentrated in the hands of the county clerks. The county clerk should have general control over the elections within his county. City clerks or election commissions should have complete charge of all city elections, and should also administer all other elections within the cities, except that the printing of ballots for county, state, and national elections should continue to be handled by the county clerks as at present. County clerks should be given much wider powers of supervision in election matters over the election authorities within their respective counties. They should receive regular reports from all of the election authorities within the county in such matters as registration, and they should also receive yearly reports of expenditures for all purposes on elections. At the present time it is quite impossible for any central election officer, such as the secretary of state, to effectively exercise proper supervision over local election officers. By increasing the powers of supervision and investigation of the county clerks, such effective centralized supervision could be made possible.

6. Section 3021 and Section 3023 of the election laws should be amended to provide (a) for a minimum size for precincts, preferably 200, and (b) for greater discretion to be lodged with local election authorities in prescribing the maximum size of precincts. As long as dozens of precincts exist in which only a few voters reside, it will be impossible to secure secret voting. It is a travesty on secret voting to permit any number of voters, however small, to have their own precinct. Small precincts should be combined so

as to contain at least 200 voters. If this combination of small precincts works a physical hardship on voters in the areas combined, provision could be made for such voters to vote by mail. Regarding the upper limits for precincts, if more than 650 voters can be handled satisfactorily in a precinct, there is no objection to having as many more voters as can be conveniently handled. With permanent registration and with an adequate number of voting booths, a number larger than 650 can be conveniently handled in a precinct, and, although the greatest need at present is to relieve overcrowded precincts by dividing them, there are also many cases where local election authorities should have the power without violating the election laws to place more than 650 voters in a precinct. Detroit could make considerable savings in this respect, if permitted to do so by law.

7. The system of permanent registration now mandatory for all cities and villages over 5,000 population should be made to apply to the entire state. Registration matters are not now properly handled in the sparsely populated parts of the state. There are many evidences of irregularity and an up-to-date system of registration is as much a need for the rural areas as it is for the urban areas.

8. The secretary of state should, as a regular part of his duties as chief election officer of the state and in compliance with Part 1, Chapter 2, of the election laws, prepare and send out to every election authority in the state an annual or a biennial form or questionnaire which will elicit all the information necessary for the guidance of the secretary of state in supervising state elections. If the county clerks were given the power recommended above, the secretary of state could then get his information from the county clerks, a relatively simple task.

9. The secretary of state should then be required to prepare an annual report which would contain the figures of election expenditures for the preceding year, together with other relevant data concerning elections, such as the number of registered voters, pay of election officers, size of precincts, etc.

X

Nothing is more vital in a democracy than honest and efficient elections. If the purity of elections is endangered, the whole fabric of government is affected. Fortunately, this survey has not uncovered many instances of corruption, and it is quite clear that Michigan is relatively free from the grosser forms of election irregularity which will sap the foundations of any commonwealth. Nevertheless, this investigation of the conduct of elections in Michigan points unmistakably to the necessity of taking effective and prompt action to eliminate inefficiencies and to reduce the present high costs.

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THE LEAGUE'S BUSINESS

Municipal Consultant Service.—The Municipal Consultant Service of th League has begun a brief financial study of the city of Toledo, Ohio, at the re quest of the Toledo Bondholders' Protective Committee. This is the tenth sur vey that the service has undertaken since its establishment last December. Copie of reports of completed studies are available at the following prices:

Town of Cortlandt, N. Y.	$1.00	Lehigh County, Pa.	$2.0
Town of Greenburgh, N. Y.	1.00	City of Mt. Vernon, N. Y.	2.0
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Town of Mt. Pleasant, N. Y.	1.00	City of Yonkers, N. Y.	2.0
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* * *

New Radio Program.— A new series of radio talks, on the YOU AND YOU GOVERNMENT program, entitled "A New Deal in Local Government," will go o the air June 26, continuing to September 25. These broadcasts may be hear from 7:30 to 7:45, eastern daylight saving time, each Tuesday evening. D Thomas H. Reed, Chairman of the League's Committee on Citizens' Councils fo Constructive Economy, will present the speakers and their subjects at each broad cast. The National Municipal League, through its Committee on Citizens' Coun cils for Constructive Economy, is coöperating in the presentation of these pro grams with the Committee on Civic Education by Radio of the National Advisor Council on Radio in Education and the American Political Science Association.

Among the many requests which come for copies of the circulars on these broad casts, we are much interested to find one from Kenneth Holland of Boston, Corp Area Civilian Adviser for Education to CCC camps. Mr. Holland says: "I a wondering if it would be possible for me to obtain enough of these circulars t send into all of my CCC camps. I should like to have the advisers call the atte tion of the enrollees to this series of programs." Miss Lucinda M. Iliff, teach of social sciences at Ambler, Penna., writes regarding the broadcasts: "I do n know how we could get along without them at school."

* * *

President Seasongood's New Book.—Hon. Murray Seasongood, Preside of the League, has recently completed a new book entitled "Municipal Corpor tions" which it is now expected will be available early in July. The book will b published by Callaghan & Company, Chicago.

President Seasongood continues his good work on behalf of the League's pro gram. He recently addressed a public meeting in Flint, Michigan, on the cit manager plan and its advantages. Flint is about to vote on an amendment t its charter to abandon the manager plan in favor of a strong mayor charter.

HOWARD P. JONES, *Secretary.*

Editorial
Comment
❖
June

NATIONAL
MUNICIPAL REVIEW

Vol. XXIII, No. 6 Total No. 216

A Federal Hand to Drowning Cities

FINAL passage by Congress of the Sumners-Wilcox bill permitting a majority of the bondholders of a municipality to reach a debt composition agreement under judicial supervision marks a milestone in the history of municipal finance. Passed and regarded chiefly as emergency legislation designed to permit the clearing up of the debris of debt resulting from the crash of some three thousand units of local government, the act will have a far reaching effect upon our attitude toward the whole problem of public debt.

In the first place, the act represents a realistic approach to the problem of the defaulting municipality. When a city cannot pay its present debts, it is silly to increase its burdens or to postpone indefinitely reaching some decision as to what it can pay. In Colonial times, a private debtor was thrown into jail when he could not pay his debts, thereupon immediately and forthwith preventing him from ever earning the money with which to do so. In our time, a public debtor in difficulty has usually been penalized for its profligacy by the creditors' insistence upon an increased interest rate, thus making redemption more difficult.

It has been impossible in the past, of course, to obtain any sort of agreement on adjustment or composition of debt since legally the consent of 100 per cent of the bondholders was required. This has rarely if ever been possible. When a municipality defaulted, the situation usually dragged along for two or three generations before it was finally "adjusted" by the municipality refusing to pay more or by the debt being ultimately cleaned up.

Neither conclusion was the result of the application of intelligence to the problem, nor was either socially and economically justifiable. If the municipality refused to pay, its credit was thereby permanently damaged, a blot upon the escutcheon as it were, and the creditors did not receive what they felt was fair play. On the other hand, if the debt ultimately was wiped out, a generation of taxpayers who had nothing to do with the incurment of the debt usually paid the penalty. There have been numerous instances in which the interest on old debt of that sort paid the principal many times over. The case of St. Clair County, Missouri, is one interesting example. Here the unpaid interest on the $200,000 debt of 1870 had reached the total of $900,000 when the federal circuit court ordered it paid. Members of the county administration went to jail for contempt rather than include the amount in the tax levy.

Far more intelligent from the standpoint of both public and private finance, is the clearing up of such cloudy situations as soon after their occurrence as possible. A municipality, of course, should never default. And as municipal administration becomes more efficient, as sound budgetary control becomes more widespread and long range financial planning takes the place of spending so long as you can get the money, municipal defaults will be much less frequent. There probably will always exist the exception, however, due to man's inability to predict the future. No man could have foretold, for example, that the contented little city of West Palm Beach, Florida, with a population in 1920 of some 9,000 persons, would have a population of 75,000 or so a few years later at the height of the boom and by 1930 would have dropped to 27,000. And the city administration of 1924 feverishly transforming a sleepy little southern town into a busy metropolis would have been more than human had it discounted the recession in advance.

So the Sumners-Wilcox bill is sound legislation, should enable municipalities to clear up their debt problems with reasonable promptness, and pave just that much more of the way toward general economic recovery.

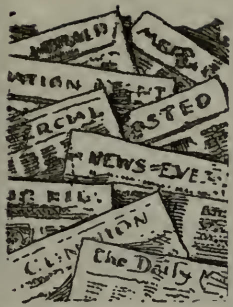
Save the Library and Save the Spirit

OF ALL the curtailment of public services during this depression, the saddest in many respects is the story of the public libraries. The record of the public library from the standpoint of service is sharply portrayed by figures cited by Miss Julia Wright Merrill, chief of the public library division of the American Library Association in the May issue of *Public Management*.

In 77 libraries in cities of over 100,000 population, she reports there was an increase of 23 per cent in the number of books taken out by readers in 1933 as compared with 1929, an increase of 19 per cent in the number of borrowers in the same period, and a decrease of 23 per cent in expenditures. Fortunately, few libraries were closed.

Visualize the man without a job. He can get food and shelter from his local government—perhaps he can even get a job under CWA or some local work relief plan. But his real problem is one of morale. If he can visit a public library, he can find there a storehouse of the kind of food he needs to keep him a human being. There is no depression to the lover of good books. And of what use is a good meal if the spirit of a man has gone?

H. P. J.



HEADLINES

Los Angeles County Bureau of Efficiency has organized a staff of junior workers on a training service basis, under which the workers receive a small salary and a large accumulation of experience for their time. "Internes in public administration," H. F. Scoville, secretary of the bureau, calls them—an apt enough name when the health of most of our municipal administrations is considered.

* * *

"One of the finest and most fundamental appointments that the President has made," is the Public Administration News Letter's characterization of Dr. Leonard D. White's appointment as United States Civil Service Commissioner. We agree.

* * *

Arkansas mayors will gather at Little Rock, June 7, to plan for organizing an Arkansas Municipal League. The Arkansas People's Conference on Government is promoting the movement.

* * *

Duluth adopts a "quarterly allotment plan" by which budget expenditures may be regulated every three months, thus avoiding a repetition of the 1933 situation when tax receipts fell behind budget allotments and left the city short of operating funds before the year was up.

* * *

Including delinquent school taxes and special assessments, this country's entire tax delinquency is probably well over one billion dollars. "What our cities need is a new Klondike," patly comments the Public Administration Clearing House.

* * *

The American Association of University Instructors in Accounting advocates a national campaign for the selection of municipal finance officers on a merit basis. This is not worth much as news, until we consider the implications behind the fact that such a campaign for the benefit of the taxpayers must be undertaken at all.

* * *

"Taxation has shown such an enormous increase in recent years and its incidence has now become so oppressive that complete economic recovery cannot be expected to take place until this dead weight on production is lightened." No, this is not the wail of an excited "New Deal" opponent before a congressional hearing. It is a pronouncement of the Taxpayers' Association of Queensland in Brisbane, Australia, on the opposite side of the globe. Small world!

* * *

194,630 governmental units in this country have the power to incur debts according to the Bureau of the Census. With that fact to go on, how many readers can calculate the number of governmental units actually in debt?

* * *

By a referendum vote the city of Flint, Michigan, restricts itself to a fifteen-mill tax limitation. The next move, of course, is to find the way of putting a fifteen-mill limitation on the growth, the expenses, and the emergencies which have always confronted normal cities but which work strictly under limitations of their own.

E. M. B.

Congressional Action Helps Defaulting Cities

Sumners-Wilcox bill passed—an aid to national recovery

CLIFFORD W. HAM

Field Consultant, American Municipal Association

PASSAGE of the Sumners-Wilcox bill by Congress removed one more of the major obstacles in the path of national recovery. No real and permanent recovery can be accomplished while cities flounder in the morass and uncertainty of their public debts. The proper and permanent settlement of the debt problem affects closely the operating policies of the municipalities and their ability to carry on the usual and primary functions of government indispensable to the safety, health, and well being of urban populations.

Two billion dollars or more is a fair estimate of the municipal debt now in default, owed by some three thousand governmental units. Some of this huge amount, both principal and interest, has been in default for a long time. Few, if any, units have been able to satisfactorily adjust and refund their debt because the consent of 100 per cent of the creditors can not be obtained. Heretofore any security holder has had the right, and the duty of the courts has been, to mandamus the city to levy taxes to pay the debt owing in full without reference to the rights of any other security holders, or to the debt problem in its entirety, or to the current needs of the municipality for operating funds. There is present in every group of municipal bondholders a recalcitrant minority, who insist on their individual and personal privilege of suits and mandamus proceedings to compel the levy of taxes and otherwise insist on payment of their holdings in full when due. Confronted by such action on the part of the small fringe of investors, the remaining and vast majority are compelled, in order to protect the interest of their own investments, to ask for the same relief. Hence you find the whole situation drawn into a vicious cycle, from which the current operations of the city and the interests of all bondholders emerge in complete chaos and all parties lose.

This bill provides the necessary and workable mechanics for the adjustment of municipal debt to the best interest of all parties and prevents this minority from blocking the execution of debt adjustment agreements.

Taxes on real estate have been the chief support of local government for both operating funds and payments on the public debt. Real estate therefore has been left a prey to uncertain and exorbitant annual taxes for debt payments. Any plan of debt adjustment must make it possible and profitable for people to own property in the city else it will defeat itself.

Passed as an amendment to the federal bankruptcy statutes and while known as a municipal bankruptcy bill, the popular conception of that term places this bill in a completely erroneous light. No way is provided by this bill and none is contemplated by which a municipality can be adjudicated bankrupt and its assets liquidated and prorated to creditors. This bill is for the adjustment of debt of municipalities and other governmental units—units which exist in perpetuity and whose chief asset is the power of taxation—a governmental power. The federal authority to pass laws governing bankruptcy (insolvent debtors) is the only authority through which the purposes of the act could be achieved.

HOW IT WORKS

For a period of two years from the date of the passage of the act bankruptcy courts may exercise original jurisdiction in proceedings for municipal debt adjustment. Any "taxing district" may file a petition[1] with the federal court stating that such district is insolvent or unable to meet its debts at maturity and desires to readjust its debts within its ability to pay. This petition shall have first received the written consent of owners of 30 per cent in case of drainage, irrigation, reclamation, and levee districts and at least 51 per cent in amount of the debt in question in other districts. After hearings, the court may enter an order staying suits and giving opportunity for drafting a refunding or readjustment plan.

When a plan is agreed upon between the city and the holders of 66⅔ per cent in the case of drainage, irrigation, reclamation, and levee districts and 75 per cent in amount of the bonds of all other districts, the federal court may issue a decree declaring the plan in effect and binding upon all creditors. The court must be satisfied that the requirements of the new plan are within the ability of the city to pay and the jurisdiction of the court ceases with the filing of the decree approving the plan. The court does not administer the plan. Where any state agency exercises supervision over the fiscal affairs of the subdivision in question, the petition and the plan drawn up must also receive the written approval of such state agency.

WHAT THE ACT DOES NOT DO

This act does not solve any problems. There is no compulsion upon the municipality to come into court. The action instituted by the city is purely voluntary and must be affirmative. Neither does it presuppose the scaling down of any part of the principal or interest. It merely provides for an orderly and effective study of the ability of the community to meet the debt. When that study is completed and a plan of debt payment is worked out which receives the approval of the bondholders, as stated above, the plan shall be binding upon the remaining minority which may not have so approved. Such a study may result in scaling down the debt, but not necessarily so, and only in those cases where the facts bearing upon the particular debt problem dictate to the city, to the 66⅔ or 75 per cent of the bond owners, and to the federal court that a lesser amount only of debt can be paid. This act was necessary to extend the maturity of bonds and interest and to adjust the debt load within the ability of the city to pay. It may be sufficient in certain instances to merely postpone maturity for a few years. In other instances it may be advisable to declare a moratorium on certain parts of the debt and make that part subject to review in the light of facts presented at some later time. Again in some instances it may be necessary for the best interest of all parties to adjust the outstanding principal amount due to a figure that can be met and paid.

The court "shall not by any order or decree in the proceeding or otherwise, interfere with (a) any of the political or governmental powers of the taxing district, or (b) any of the property or revenues of the taxing district necessary in the opinion of the judge for essential governmental purposes, or (c) any income-producing property, unless the plan of readjustment so provides . . . Nothing contained in this chapter shall be construed to limit or impair the power of any state to control, by legislation or otherwise, any political subdivision thereof in the exercise of its political or governmental powers, including expenditures therefore . . ."

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[1] The act as finally adopted provided that a definite plan must be submitted with the petition. The original bill merely provided for the submission of a petition for readjustment under the court's jurisdiction.—Editor.

STUDY OF ALL FACTORS NECESSARY

It will now be possible to make a detailed study of the factors bearing upon municipal defaults. Both creditors and debtors will now be able to survey the situation and arrive at a mutually advantageous position without being hampered by the obstinate minority or by the threat of mandamus suits.

This study must encompass many phases and accept many implications. Mutuality of interest must be recognized by creditors and debtors alike. Bondholders stand to lose heavily unless sufficient revenues are available for the continuance of governmental services—and this involves an adjustment in hundreds of cases. Cities will find themselves seriously hampered on the other hand in carrying on the functions of government unless their credit requirements are met as fully as possible. Long time financial planning will be necessary. Not only must planning be considered on the basis of current operating requirements and the present debt, but also on future capital fund requirements during the life of the new plan. Even though the requirements of the present debt cannot be met as originally provided, new capital funds must be found if the city is to continue in its ability to meet the requirements of the new plan.

Scientific assessment and a close study of the law of diminishing returns in the tax program must be made to reach a proper evaluation of any debt plan. Continuous supervision of the financial operations of cities will be required to properly carry out such a plan.

Yardsticks of ability to pay must be determined. Some of the factors of community life, which have a direct bearing upon such ability to pay are:

1. Retail trade
2. Bank clearances when a normal picture can be obtained
3. Railroad freight traffic, both incoming and outgoing
4. The probable future growth of the city, both in population and commercial phases
5. A sound ratio between requirements for debt service and the current operating requirements for primary governmental services
6. Number of passenger automobiles per thousand population
7. Spendable incomes.

Until a composite picture is drawn resulting from the study of these and other related factors no city can present a refunding proposal with assurance that it will be met. Any group representing a majority of the bondholders must know that picture before it can, with assurance, recommend a refunding program.

The proper solution of the debt problem is now and will continue to be for a long time to come the most serious single problem confronting many of the leading municipalities of America. It cannot be solved swiftly, but will require careful study and supervision by those equipped by training in municipal administration and finance if the best solution is arrived at.

With the proper operation of this act and its implications, municipal finance will again be lifted out of the stagnation into which it has drifted. Current municipal programs will again be stabilized and the long, slow, sure march back to effective local government and sound municipal finance will be begun.

The Recapture of Grand Rapids

A story of citizens in action

MAURICE R. QUICK

Director, Better Government League of Grand Rapids

VICTORY, sudden and overwhelming, was the result of the first test at the polls of the newly organized Better Government League of Grand Rapids, Michigan. At the city primary and election, held in March and April of this year, the league scored a grand slam by electing all four of its candidates and assuring a working majority for nonpartisan city government on the city's seven-man commission.

Organized during the middle of the past summer, the new Grand Rapids group settled down in preparation for a long drawn-out fight against the two Republican factions that for years have considered city politics their private battle ground. Several months were spent in the discussion of plans and—with these plans only half complete—the league found itself face to face with a city campaign.

Should the league enter the fight immediately, with its half-baked organization? Or should it wait a year, until a substantial program of public information had done its work?

The decision to fight was brought about, in large measure, by the fact that a full majority of the city commission would be chosen this spring. It was felt, further, that the time was ripe. Under the existing administration the city hall had been turned too brazenly into a feeding trough for lame duck state Republicans, relatives or dependents of favored commissioners, and minor political characters. Public opinion assured an overturn of some sort. If the league kept its hands off, then the pendulum would merely swing back again to another of the political factions. And so the league decided to enter the lists with a slate of its own.

But first it went after members. A series of six mass meetings was held, beginning six weeks before the primary, at the rate of two each week. These meetings were planned to be purely educational, but it goes without saying that some doughty wallops were taken at the town political leaders. Murray Seasongood came up from Cincinnati to climax this phase of the work, and an audience of well over a thousand listened to the Cincinnati story while their radiators froze in the five-below-zero winter night.

The talks, on the whole, were temperate; publicity results were satisfactory, although both dailies chose to stress the sensational.

No candidates were mentioned by league speakers during this phase of the campaign for the simple reason that the league didn't have any. Net results: about three thousand members, but precious little money. People were not ready to contribute to a vague ideal and told the league quite plainly that they would wait to see what kind of candidates it could produce.

PICKING THE RIGHT MEN

Production of candidates was, indeed, a matter of some concern, not only to the public but to the league. The opinion was abroad that the men who ran under the league's banner would be defeated, if not by the political experience of their opponents then by the league's own defects of inexperience and hurried formation.

Finally, William Timmers, for nine years a leader on the board of education, was persuaded to become a burnt offering on the altar of civic virtue, and headed the slate as candidate for mayor (commissioner at large). In the large third ward Harry C. Leonard, former refrigerator manufacturer and another political novice, also became a sacrifice. The patriarchal John McNabb was persuaded to accept the league's backing for re-election from the second ward. A final endorsement was given to Harry A. Hart, young language instructor in Grand Rapids Junior College, whose first ward campaign was already under way.

The primary campaign was noisy. Timmers was opposed by the incumbent mayor who had the support of the city hall machine and of the stronger county organization, by a former investment banker backed by another political group, and by four other candidates.

And right here is the place to mention the low comedy of the campaign. During the entire winter, Grand Rapids had been absorbed in the game of "beano," a highly commercialized version of the "lotto" which is familiar to most people approaching middle age. Throughout the city empty retail store buildings were occupied by beano operators, rough benches and tables were set up, and the public thronged for the privilege of playing. A fee of twenty-five cents was charged for half-an-evening's fun; if one wanted to make a night of it, another quarter would be charged. For prizes, baskets of foodstuffs were preferred. It is a fair guess that thousands of family groups played beano nightly.

WHAT! NO BEANO?

Timed just right to provide Mayor Karel with a needed campaign issue, the county prosecutor declared beano in violation of the state gambling laws and ordered the places closed. The city administration instructed the police to ignore the order. Much newspaper space was consumed, and the mayor started his campaign for re-election by a series of visits to the beano parlors, where he posed as the protector of the people's liberties.

Another candidate attempted to ride into office on a public utility issue, still another offered an alleged program to attract new industries. Timmers confined himself to preaching efficient, economical government, mildly attacking the administration's financial and patronage policies.

The other league candidates took their cue from Timmers. Leonard faced a field of nine opponents including protégés of both machines, McNabb had five, while Hart had seven.

From its three thousand members, the league secured about three hundred active volunteer workers. During the last three or four days of the campaign, these shock troops canvassed about fifteen thousand homes, leaving circular material at each; a city-wide distribution was made of a circular for Timmers, accompanied by ward distributions on behalf of the other candidates. Every residence telephone in the city was called twice—once on behalf of the candidates, once as a reminder to vote. The evening paper broke all precedents and backed up the league and its candidates with a series of strong editorials. Even the morning paper backed the league candidates toward the end of the campaign.

After the primary it was found that Leonard and McNabb were elected outright, with a majority of all votes cast in their respective wards. Timmers came within 75 votes of election, receiving more than three times as many votes as Karel, who ran second; while Hart carried every precinct in his "machine" ward but failed of immediate election.

DANGERS OF OVERCONFIDENCE

After such sweeping results, the runoff in April was destined to be an anticlimax. The league saw the real danger in a light vote and planned accordingly. The then city manager helped keep interest alive by announcing that he would rely on his civil service status and fight removal by the new commission. But the mayor left town for a vacation in the south, and he was followed by two chieftains of the county Republican organization. Timmers, being a sportsman and at best a reluctant campaigner, would not attack the mayor behind his back. Only in the first ward, where Hart and his opponent were at it tooth and nail, was there any excitement. The primary campaign had about emptied the league's meagre war chest. A single platform statement by Timmers, some letters to the membership, and a repetition of the telephone canvass constituted the campaign.

With election day came the first pleasant weather of the year, but early voting was dangerously slow. About the middle of the afternoon an emergency chain telephone campaign urged people to vote, and the home edition of the evening paper did likewise. Late in the day the polls were busy. Timmers was safe, 21,627 to 8,022; and Hart won by nearly the same vote.

AFTER THE BATTLE

Looking backward, it is not easy to account for all the factors that made the campaign so successful. There had been no open scandals of great magnitude in Grand Rapids' city government, although it was openly admitted on all sides that petty manipulation was rife. The Better Government League was ill-prepared to play the political game on an intensive scale; its leadership enjoyed a certain personal prestige in civic activity, but (through no fault of its own) was not sufficiently representative of the racial and religious groups that make up a city of nearly two hundred thousand. The voters of the city had a tradition of indifference toward city elections; in fact, the primary in March was the heaviest on record and barely accounted for 55 per cent of the total registration.

On the other hand, Grand Rapids is not the kind of city where strong political machines flourish. There is a habit of home-ownership, even among the working classes, and most family heads can recognize a tax bill when they see one. Predominantly Republican, the party machinery is in the hands of a rather colorless individual; while the rival leader, a former manager, cannot depend on his followers—although he lacks nothing of color. The two strongest foreign groups are antagonistic in religion and in outlook—and both are intelligent and Americanized.

The league can take credit for coming into the field at a time when the city was asking for leadership. It can take credit for the selection of strong candidates upon whom good citizens could unite. It can take credit for the necessary amount of work to put its candidates on the political map, for intelligent publicity, and for such direct action as was needed.

The question now arises, what to do

(Continued on Page 312)

A Home Rule Experiment in Texas

New county charters are forward steps in self-government

WALTER BECK *Former Member Texas Legislature*

COUNTIES in Texas vary in population from 195 in Loving County to more than 350,000 in Harris County. All are governed by the same method and the same constitutional provisions, modified only to a limited degree by statutes made to apply to all counties of a certain population. Few adjustments to current, local needs can be made by statute. Limits upon taxation and their purposes are fixed in the constitution alike for every county. Many functions that should be those of the county have been impossible to undertake. Laws authorizing the creation of districts for one purpose or another have been passed to get around rigid constitutional limitations of county authority. The result is that more than nine thousand separate governing entities exist within the state of Texas. The fee system of compensation is compulsory. County government has proven very inefficient and expensive, along with the vast number of "districts" with separate governing bodies and taxing authority. There is no responsible head to county government.

Since 1876 county government in Texas theoretically has been administered by county commissioners' courts, consisting of a commissioner from each of four precincts in the county, presided over by the county judge who likewise serves in a judicial capacity as to probate and other matters. For larger counties, the legislature has created county courts-at-law to have jurisdiction over various causes, but this only partially relieved the county judge provided in the constitution.

Actually, the court lacks the means of effective supervision over departments headed by the county clerk, district clerk, sheriff, constable, and similar administerial officers who are elected directly by the voters.

By statute the legislature created county auditors and attempted to clothe them with authority to coordinate and work with the various departments. Results are unsatisfactory.

Numerous groups have from time to time surveyed the question of county government in Texas—and have backed away. In 1930 a small group of individuals, of which the writer was chairman, and including particularly Mr. Ireland Hampton and Mr. S. J. Callaway, attorneys of Fort Worth, were constituted the county government committee of the Fort Worth Chamber of Commerce.

A measure was prepared and the writer, as a member of the Texas House of Representatives, introduced it as a joint resolution in the Texas legislature in regular session, 1931. It passed in the house but failed in the senate by one vote of the necessary two-thirds. With such changes as were suggested through another two years of study, the amendment was again introduced in 1933 by Hon. Emmett Morse, representative from Houston, and Hon. Frank Rawlings, state senator from Fort Worth. This time it was submitted by the legislature, to be voted upon by the electors of the state August 26 of last year.

For about six weeks prior to the state-wide vote, a quiet campaign was conducted for adoption of the amendment. The cash outlay for expenses in this effort, including the publicity campaign for its adoption, was less than $5000, all provided by members of the committee and friends of the enterprise. The only opposition that developed was among some of the county office-holders, but their fears and efforts were too late to be effective. The amendment was overwhelmingly adopted.

NEW LIMITS FOR HOME RULE

Under the amendment home rule provisions are immediately extended to all counties above 62,000 population. Any other county, upon petition, may be granted the same privileges by a two-thirds vote of both houses of the legislature. The amendment is permissive; no county need avail itself of its provisions. Those counties who choose to do so may, by conforming to an enabling act, set up by charter a form of government adjusted to local needs.

Excerpts from the amendment itself are self-explanatory.

"Such charters . . . may invest the governing body . . . with the power to create, consolidate, or abolish any office or department, whether created by other provisions of the constitution or by statute, define the duties thereof, fix the compensation for service therein, make the same elective or appointive, and prescribe the time, qualifications, and conditions for tenure in any such office; save, that no such charter other than as hereinbefore authorized shall provide to regulate the status, service, duties or compensation of members of the legislature, judges of the courts,[1] district attorneys, county attorneys, or any office whatever by the law of the state required to be filled by an election embracing more than one county. . . " and

"Any county electing to operate hereunder shall have the power . . . to levy, assess, and collect taxes, and to fix the maximum rate . . . provided, however, that the limit of the aggregate taxes . . . shall not exceed the limit or total fixed . . . by this constitution to control counties."

SAFEGUARDS OF STATE CONTROL

Counties are authorized by charter provisions to borrow money for lawful purposes, and in general are authorized to conduct their affairs by charter provisions with practically the same freedom the cities enjoy. They are limited, however, by the express provision that "no charter may inconsonately affect the operation of the general laws of the state relating to the judicial, tax, fiscal, educational, police, highway, and health systems, or any other department of the state's superior government. Nothing herein contained shall be deemed to authorize the adoption of a charter provision inimical to or inconsistent with the sovereignty and established public policies of this state."

While the legislature thus has authority to pull up the reins should any county have a tendency to abuse the home rule privilege, citizens of a county will have the authority to improve their local government to any extent that their diligence and intelligence may prompt. They may make very slight changes, or they may develop immediately, or step by step, the commission form of government, or the manager form.

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[1] Another provision authorizes some changes in duties of the county judge.

The amendment has been referred to in some instances as the county manager amendment and in others as the city-county consolidation plan. This has been confusing and inaccurate. The form of government is a matter of charter provision, for adoption or rejection, as it may be submitted to the voters of the county. As a county government develops sound organization and experience, it may by charter be empowered to administer the affairs of any city or town, water improvement district, etc., contained within its boundaries. The county may contract to collect taxes for a city or may contract with a city for the latter to administer health and welfare or sanitary matters or afford fire protection throughout the county. Contracts to prevent duplications or conflicts and to promote efficiency in police and other matters may be made between county and city.

CONSOLIDATION PROVISIONS

Upon a favoring vote of the electors involved any incorporated area within a county may surrender administration of its whole affairs to the county government. The responsibility can only be accepted in full, however, after ratification by the voters of the whole county. Step by step such consolidations may occur, always by vote of the people involved. Theoretically, except as to school districts, the 254 county governments could ultimately administer the affairs of all other local governing entities within the state.

The first county to vote on a new charter was El Paso, where the rural districts succeeded in defeating it. Although on the vote of the entire county, the charter had a clear majority, the home rule amendment provides that it must carry in the rural districts as well as in the cities and towns.[2]

Several other counties are busily engaged in plans for preparing and submitting a home rule charter. Organization of a charter commission in Tarrant County was completed early in March. Petitions seeking an election of charter convention delegates have been circulated in Dallas County. Similar activity is in progress in Harris and Bexar Counties. In Travis County a charter commission has been elected, headed by Dr. Roscoe Martin, Professor of Government at Texas University.

At practically every point the movement is meeting resistance from the old line county politicians. In at least one county they secured the election of the majority of the delegates from those unfavorable to any material change. Having done this, the new charter commission now finds itself under pressure from the general public to submit a charter, good or bad. If an improper charter is submitted, or none at all, it seems inevitable that the public will demand in that locality a thorough shake-up in the personnel of county officials. Leaders in the home rule movement regard the incident as an illustration of the basic principle of the home rule amendment, that county government can and should be changed in Texas only in proportion to the intelligence and diligence of the citizenship of the county involved. If that particular county fails to produce a charter, it will stimulate the next effort.

Within a few months it should be possible to study and compare several thoughtfully written charters for county government in this state. There are those who predict Utopia, others disaster. Certainly it is true that the change made possible by this constitutional amendment is far-reaching and fundamental. It may afford a proving ground for the guidance of other states who, too, have found county affairs the "dark continent of American government."

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[2] For details of this election see note on Texas, p. 326.—Editor.

Bringing in Taxes Through Penalties or Discounts

What New York cities are doing to stimulate collection of taxes

EDWARD D. GREENMAN

Assistant Director, New York State Bureau of Municipal Information

As a result of the alarming increase in tax delinquency, municipal officials in New York State are employing various methods and practices designed either to encourage or enforce the payment of taxes when due. The seriousness of the threat to municipal stability which they are seeking to overcome is shown by the fact that over a three-year period the amount of unpaid taxes has more than doubled. The average amount of unpaid taxes in all the sixty cities of the state for 1931 was 7 per cent of the total levy. In 1932 the average delinquency increased to 11 per cent, and in 1933 to approximately 15 per cent. The methods being used to increase collections include payment in installments, partial payments, lighter penalties and interest charges, discounts, and a remission or compromise of interest and penalty charges on back taxes.

In order to make it easier for distressed taxpayers, most of the cities are now permitting tax payments in two installments, while a number of cities in New York State are permitting the payment of taxes in quarterly installments. Installment payment of taxes should be more widely adopted when debt maturities and interest payments will permit. When installment payment of taxes fails to aid the taxpayer or to reduce delinquencies some cities have permitted the partial payment of taxes in sums not less than a certain percentage of the annual tax and interest. Mount Vernon permits the payment of taxes in sums not less than one twelfth of the annual tax but in no case less than twenty dollars, Lockport permits partial payments of not less than five dollars, and Geneva accepts payments of not less than 20 per cent of the tax.

"There appears to be no reason why taxes could not be made payable at least quarterly. Few home owners and other individual taxpayers make a practice of setting aside, from their monthly income, sufficient reserves for annual tax payments, but attempt to make such payments out of current incomes as they fall due. The federal government and a number of states permit quarterly payments of income taxes. This method should be generally adopted for property tax payments. As a part of this plan it might be advisable to permit more frequent, voluntary payments by taxpayers, say monthly. As a means of facilitating the payment of delinquent taxes much can be said in favor of their payment in installments, or of acceptance by tax collectors of payments on account from taxpayers who cannot pay the entire amount due. Against this practice it has been pointed out that it discriminates against those who settle promptly. To meet this objection, interest should be charged and penalties levied against outstanding balances, when such installment payments or partial payments on account are allowed, just as in the case of other delinquencies."[1]

WHAT TAX PENALTIES BEST

Tax penalties should be such as will afford the taxpayer the greatest measure of relief consistent with the urgent need for preventing high delinquencies. Relief for the taxpayer through low penalties may often encourage the tax-dodger. The general tendency in New York State cities has been to lessen penalty charges rather than to increase them. Forty-five cities allow a thirty-day period during which taxes may be paid without penalty. Several cities permit a slightly longer period without penalty while a few allow only from ten to twenty days leeway before penalty charges begin. Penalty charges vary widely. For the first thirty days after taxes are receivable without penalties five cities charge one-half of one per cent, thirty cities charge 1 per cent, ten cities charge 2 per cent, and a few have a heavier charge. For the next thirty days two cities charge 1 per cent, ten charge 2 per cent, eight charge from 3 to 4 per cent, and ten charge 5 per cent. For the third thirty-day period the penalty charges increase appreciably, ten cities charging at the rate of from 5 to 10 per cent in addition to the charges made for previous periods.

In most of the cities in New York State smaller penalty and interest charges are provided for the payment of taxes during the earlier months of delinquency than in the later months. In these cities there seems to be a higher total of uncollected taxes although in many cases this total may be influenced more by local and economic conditions than by the low penalty charges. In Jamestown with a delinquency of 48 per cent of the total taxes and in Schenectady with a 12 per cent delinquency, as well as in other industrial communities, the high percentage of delinquency is due more to economic conditions than to the low initial penalty or interest charges. In Mount Vernon, New Rochelle, White Plains, and Yonkers, where the penalties charged are at an annual rate of from 7 to 8 per cent, or less than 1 per cent per month, there was in each city a tax delinquency of about 30 per cent for 1933. These high delinquencies were partly due to low penalties. In Yonkers the total amount of delinquent taxes for the year 1933 was $3,392,429.

LOW PENALTIES NO INCENTIVE

Low penalties and interest charges make it more profitable for the taxpayer to use his funds for other purposes. Such a practice discriminates against the prompt taxpayer. Thus, low penalties remove one of the important incentives for early tax payments. And since there must be some way to enforce the payment of taxes, a reasonably heavy penalty and interest charge is the most effective and just. There should always be a genuine desire to aid the honestly distressed property owner but in most cases a putting off of the evil day of tax payments only results in a greater loss and hardship both to the city and taxpayer.

In contrast to the experiences of the cities with low penalties there are a few municipalities which have a high penalty or interest charge during the early months of delinquency and in which the tax delinquencies are much lower. The city of Poughkeepsie for many years has charged a high initial penalty of 5 per cent for the first month with the result that the amount of uncollected taxes was only 2 per cent in 1932 and 3 per cent in 1933, compared with an average delinquency for all the sixty cities in the state of 14 per cent for 1933 and 11 per cent for 1932. Watertown with a penalty of 5 per cent for the first month of delinquency had an exceptionally high collection of taxes. In 1933 the total delinquency amounted to only $397. Elmira, however, with an initial penalty charge of 5 per cent, had a 16 per cent delinquency for the past year. But Elmira is an industrial city and Watertown is in a rural locality. Therefore it is very difficult at this time to determine definitely the effectiveness of heavy penalty charges. With other conditions being normal and comparable, heavy penalty charges have been found to result in much smaller delinquencies. Especially does this seem to hold true where municipalities have been employing severe penalty charges for some years. In those numerous localities which are just beginning to try out the expedient of stricter penalties the results have not been as startling because the determinative factors have been largely economic.

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[1] Report of the Committee on State and Local Taxation of the U. S. Chamber of Commerce, 1934.

PENALTIES BECOME INVOLVED

Where taxes are payable in installments the penalties charged are often intricate and involved. For example, in Rochester taxes may be paid in four installments. The first installment is payable in January without interest or penalty charges, the second installment is payable at any time before April without penalty charges, the third installment is payable at any time before July 1st without penalty, and interest charges on the final installment begin September 1st. The interest charged upon failure to pay the first installment due in January varies from 1 per cent in February to 10 per cent in November, the interest on the second installment payable in March without penalty ranges from 1 per cent in April to 8 per cent in November, interest charges on the third installment payable in June without penalty vary from 1 per cent in July to 5 per cent in November, and on the last installment interest charges are 1 per cent in September, 2 per cent in October, and 3 per cent in November. After November 15th interest is charged on all unpaid taxes and accrued penalties at 10 per cent per year.

In the city of Syracuse taxes are payable in two installments, the first installment in May and the second installment in September. All payments made on the first installment during the month of May shall be without fee, from June 1st to 20th one per cent is charged, from June 21st to July 10th 2 per cent is added, from July 11th to July 31st 4 per cent is added, and thereafter until August 31st 5 per cent is charged. After August 31st interest is charged at the rate of 1 per cent per month in addition to the 5 per cent fees. The second installment may be paid without fees during the month of September. If not paid at that time, fees are added as follows, during October 7 per cent and after November 1st one per cent per month in addition to the 7 per cent fees.

In Buffalo taxes are due July 1st, and one-half of these taxes may be paid without penalty for thirty days. On August 1st a penalty of 1 per cent will be added and thereafter one-half of one per cent will be added each month until time of tax sale. The second half of the taxes are payable at any time before January 1st without penalties, 2 per cent will be added in January and 2 per cent more in February and one-half of one per cent in April and May. A penalty of 5 per cent will be added in March in addition to the above interest charges. In Albany taxes are required to be paid before April 1st. After that date interest charges at the rate of one-half of one per cent per month will be added for nine months. After January 1st taxes are collected by the county with interest at the rate of 1 per cent per month beginning when taxes are due.

Within the past year there has been

a tendency to allow a discount for the payment of taxes on or before the date on which penalty and interest charges begin. Twelve cities are now allowing discounts where installment payments are permitted. This discount is usually allowed if payment of the second, third, or fourth installment is made before it becomes subject to penalty charges. In most of these cities the discount is 1 per cent. A few cities allow 2 per cent discount and 4 per cent is allowed in two cities. In Syracuse if the taxpayer pays in May any part of the balance of his taxes for the current year, he is entitled to discount of 2 per cent figured on such balance of the year's tax bill.

In Elmira a discount of 1 per cent is allowed for the payment of the second half of a year's taxes at the time the first half is due. In New Rochelle a discount at the rate of 5 per cent per annum is allowed on installments paid before due, and in White Plains a discount at the rate of 8 per cent per annum is granted. Albany allows a discount of 1 per cent on the amount of taxes paid fifty days in advance and one-half of one per cent on all taxes paid twenty days in advance. In Cohoes, if the whole amount of taxes are paid within twenty days of due date, a discount of 1 per cent is allowed.

DISCOUNT ON ADVANCE PAYMENTS

"Some states and communities have permitted advance payments of taxes at a discount. Discounts large enough to make this method of payment attractive to taxpayers may appreciably diminish operating revenues. Some communities, however, have adopted this method as a means of getting operating funds at times when short-term loans in anticipation of tax collections were difficult or impossible to obtain. Those who took advantage of this plan were chiefly large taxpayers whose taxes would be paid regularly in any event. Thus in many places where it has been tried this method has not resulted in increases in tax payments but merely in payments at an earlier date, with some decrease in revenues."[1]

The following table indicates the types of tax penalties used by some New York State cities:

PENALTIES OR INTEREST CHARGES

Albany	½ of 1% added per month from April to December
Auburn	1% per month
Binghamton	½ of 1% per month
Buffalo	1% for first 30 days and ½ of 1% per month thereafter
Cohoes	After 20 days interest at rate of 12% per year
Elmira	5% for 1st 15 days and thereafter at rate of 6% per annum
Glen Cove	½ of 1% per month
Glen Falls	After 20 days 2% and thereafter at rate of 10% per annum
Gloversville	After 20 days 5%
Hornell	After 15 days 1%, 2% after next 15 days, 3% after next 15 days, 4% for next 15 days
Jamestown	1% for first month, 5% thereafter, and at end of year 10%
Long Beach	At rate of 7% per year
Mount Vernon	At rate of 8% per annum
Newburgh	At rate of 8% per annum
New Rochelle	At rate of 7% per annum
New York	At rate of 10% per annum
Niagara Falls	2% for first month, 5% for second month, and at rate of 6% a year thereafter
Poughkeepsie	5% for first month, then 1% per month additional
Rochester	1% a month for 10 months and then at the rate of 10% per year
Rome	At rate of 12% per year
Schenectady	¾ of 1% per month
Syracuse	1% for 1st 20 days, 2% for next 20 days, next 20 days 4%, thereafter 5%
Tonawanda	At rate of 8% per year
Troy	1% additional every month
Utica	1% a month for 5 months, then an additional 5%
Watertown	5% with 1% per month or fraction thereafter
White Plains	At rate of 8%
Yonkers	At rate of 8% per annum.

The Bonded Debt of 254 Cities as at January 1, 1934

Majority of cities reduce indebtedness, but net per capita debt increases

C. E. RIGHTOR

Director, Atlantic City Survey Commission, formerly with the Detroit Bureau of Governmental Research

THE accompanying tabulation is a summary report of the bonded debt as at January 1, 1934, of 254 cities in the United States and Canada. Of 310 cities of over 30,000 population in this country, 240 are included and of eighteen such cities in Canada, fourteen are reported.

The table presents the total gross bonded debt, with a subdivision of this total into the three general classes of general public improvement, school, and utility; the total amount of sinking fund, with a percentage distribution by the three named classes; the net total bonded debt; the net total bonded debt to be retired from taxation (reported as "excluding self-supporting"), both total and per capita; and the total gross special assessment debt.

The compilation is presented in the same form as in previous years, this being the twelfth annual tabulation of these data, although of course not all cities have reported each year. The cities are listed in order of population, according to the official 1930 census, and by the five census groups, as reliable population figures since the census are not available. The population figures for the Canadian cities are also the latest obtainable.

The primary object of the tabulation is to make available in concise form a current and complete statement of the total amount of debt outstanding in the name of each city, and also the total and per capita amount of that debt which must be retired through future tax levies upon the taxable property of each city. Such table affords a ready comparison of city debt upon the basis of both total and per capita, as well as by census groups.

The facts relative to the debt of most cities can be compiled in the simplified form here undertaken, but there are numerous exceptions in other cities. In order to afford as nearly uniform a presentation as possible in a single line, adjustments are occasionally desirable. The footnotes illustrate the difficulties that arise—as examples, school debt may be in the name of a school district not exactly co-terminous with the city, or in the name of the county; the debt of various types of overlapping and special districts may be chargeable only in part to the city, etc. The Census Bureau's reports upon the finances of cities include with the statistics of sixteen of the largest cities a percentage of the county debt and other finances, but this rule is not followed herein, even though in some city-county consolidations there is no county debt. Further, temporary debt in the form of tax and revenue notes and warrants is here omitted. It is necessary because of these and other affecting factors, therefore, to refer to the footnote in each case to obtain an exact knowledge of the city's debt.

The per capita debt is reported only for net debt excluding self-supporting. This means ordinarily that the bond obligations of the utilities are deducted either in total or in part. Most cities own their water system, and unless the utility debt is analyzed in the footnote, it is understood to be water bonds. Not always, however, is water or other debt deducted in reporting the net debt to be retired from taxation, as such bonds may be construed to be general obligations, revenues therefrom being used to offset the debt service paid by the general fund. The net debt here reported for any city may be substantially different from the amount computed locally in accordance with the statutes of any state. Except for the factors of a self-supporting activity and availability of a sinking fund, consideration is not given to the deductions too commonly authorized by our state legislatures.

A computation reporting the ratio of net debt (excluding self-supporting) to the assessed valuation would prove invaluable for comparative purposes. Limitation of space precludes this figure being included in the table, but it may be compiled by reference to the assessed valuation data of the cities reported in the December 1933 REVIEW.

It has been found desirable to report special assessment debt separately. The total amount of such indebtedness is given in the last column, and is not included in the preceding columns of gross and net debt nor in computing the per capita debt.

GROSS MUNICIPAL DEBT

The Census Bureau, in a recent release, reported the gross total bonded debt of the states and municipalities as at June 30, 1932, to be $19,684,577,000 ($197,500,000 more than the gross debt of the federal government on that date). Further, the net debt of the states and local governments was separately shown as $17,596,532,000, of which the states owed $2,373,000,000; the cities, towns, villages and school districts, $10,875,000,000 and other civil divisions, the remainder.

The tabulation here presented shows a gross debt of $8,059,686,026 for 240 cities, which reduces to $5,238,296,994 when self-supporting debt is deducted, or a per capita of $122.08. The gross debt of 14 Canadian cities is $730,117,471, with a net excluding self-supporting of $387,659,561, or $141.27 per capita. A public debt of these proportions merits the attention of the taxpayers, who must provide the funds to pay the annual load for interest and ultimate retirement of the principal. Yet sound administration of municipal debt is rarely given consideration either on election day or at budget time.

PER CAPITA NET DEBT

Analysis of the data shows a wide range in the per capita debt excluding self-supporting. Except for Washington, which has no outstanding bonds, the figures run from $5.55 for Springfield, Illinois, to $361.52 for Atlantic City. For the latter city, it should be stated that census figures make no allowance for a substantially larger seasonal population.

By census groups, the per capita spread is from $76.02 for St. Louis to $215 for Chicago, in Group I; from $70.12 for Seattle to $172.49 for Newark, in Group II; in the Group III cities, from $14.20 to $264.39, for Peoria and Miami, respectively; for Group IV, Springfield and Atlantic City, as given; and in Group V, from $13.81 for Sheboygan to $336.64 for White Plains. The Canadian cities show a variation in per capita from the figure for Winnipeg, $42.04, to that for Edmonton, $234.57.

The publications of the Census Bureau contain invaluable data relative to the growth of municipal indebtedness. The annual report "Financial Statistics of Cities Having Over 30,000 Population" gives in summary the comparative debt statistics since 1903 of 146 cities. That report points to two general conclusions which have been referred to heretofore in these commentaries: first, that municipal debt increases from year to year. The per capita net debt of 146 cities was $44.71 in 1903, gradually increasing to $97.57 in 1922, and in 1930 (latest available report) had mounted to $153.02; second, that the larger the population the larger is the city's debt. For 1930, the per capita net debt of 310 cities, by the five census groups, from the lowest to the highest, averaged $91.30, $96.86, $114.42, $148.32, and $185.88, respectively, the average for all cities being $144.57. For 1934, the accompanying table shows a net per capita debt, excluding self-supporting, of $68.88, $86.31, $88.33, $107.32, and $157.53, respectively, for these census groups.

TREND OF MUNICIPAL DEBT

Comparison was made of the net debt of 220 cities of the United States and eleven cities of Canada that reported in both 1933 and 1934, as indicative of the trend of the debt of our cities. The analysis shows for the 220 cities of the United States a growth for the year from $5,052,452,000 to $5,175,414,094, with a per capita increase from $120.60 to $123.53, or $2.93. This compares with a net increase of $4.96 reported one year ago. Exclusive of New York, there was a net reduction of $4,420,000 in the net total of bonds outstanding in 219 cities, or 13 cents per capita. For the Canadian cities, the 1933 net debt of $223,945,000 went to $234,240,000, the per capitas being $122.66 and $128.31, respectively, and showing a net increase of $5.64 during the year.

Further analysis shows that of the 220 comparable cities in the United States, 70 reported an increase, 149 a reduction, and one no change, in the net debt exclusive of self-supporting. Five cities in Canada show an increase, and six a lower net per capita debt. The changes in status during the year were in all instances moderate.

The comparative analysis was extended to 78 cities having over 100,000 population (in 1930) that reported in both 1924 and 1934. Their population rose from 26,669,510 to 32,962,279, or 23.6 per cent, during the decade, and their gross debt from $3,701,000,000 to $6,683,000,000, or 80.6 per cent. Net debt figures were not reported upon a comparable basis. The accretion of municipal debt during the decade has added significance when related to the more gradual growth of population and taxable wealth during that time.

The Bond Buyer[1] reports total issues during 1933 of $1,127,000,000, exclusive of temporary bonds. Maturities were perhaps one-third this total. The expansion of indebtedness during the year is accounted for primarily by the fact that the federal government extended its credit facilities to our states and local subdivisions. *The Bond Buyer*[1] reports loans by the RFC of $205,000,000, and by the PWA of $278,000,000 during 1933. Closed banks and poor tax collections caused temporary postponement in meeting bond maturities, and in some cases even more distressed conditions. It is estimated that there are now over 1,300 local units in default. Yet the voters still evidence a faith in their local governments and their officials—and properly so—as shown by their authorization of over a half-billion dollars of bonds issued, for a wide variety of projects, during the year.

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[1] Issue of April 7, 1934.

The record to date of the expansion in municipal debt does not place the responsibility upon the governing officials alone. Enthusiastic citizens—some with selfish motives and others merely optimists—encouraged the floating of bond issues as lightly as balloons. But even more, the dealers and investors sought issues of every description, including the speculative. Now, different authorities are expressing the belief that in specific instances there must come a debt scaling process.[2]

As stated last year, the Sumners-Wilcox municipal debt refinancing act should help some cities out of their present difficulties, if the states permit its application locally. But it is clear that such an emergency measure cannot be a substitute for more fundamental local legislation along broader preventative lines needed in some situations. States have a genuine and continuing concern in the financial soundness of all local subdivisions. The necessity for the refinancing of many communities has not passed, and deserves the recognition and assistance of the states. So far as the investor in municipal securities is concerned, it is reassuring to learn that the code of the Investment Bankers' Association of America provides additional protection through standardizing legal opinions and other steps.

This tabulation (pages 313 to 321) was made possible through the voluntary coöperation of a large number of public officials in the cities of the United States and Canada, and in some instances by citizen agencies. Their assistance is appreciated and acknowledged.

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[2] See, as instances, "The Internal Debts of the United States", edited by Evans Clark, pp. xviii-xix, 255, 389 *et seq.*; N. Y. Trust Co. *The Index*, April, 1934; "Municipal Debt Defaults", edited by Carl H. Chatters, Chicago; "Municipals at the Crossroads", D. S. MacFadden, in *The Bond Buyer,* March 31, 1934.

THE RECAPTURE OF GRAND RAPIDS

(Continued from Page 301)

about the League itself? Obviously, the original program of this body—education of the city's electorate to a grasp of city governmental principles—is only half launched. There is a tempting opportunity in the county situation, where antique governmental forms provide rest, shelter, and a spring-board for the machine element. A movement is now under way to permit county home rule in Michigan, and the league can take part in this, if it decides to do so, without jeopardizing its nonpartisan status. The present city charter also needs a little tinkering.

On the other hand, the league has made some blunders in the campaign just ended—not serious blunders, but intensified by incompetent newspaper reporting. It is difficult to convince the political mind that a group of politically active citizens, even though most of them have substantial records of unselfish public service, has not an ulterior motive. The political cliques in Grand Rapids already have proved that they know the technic for dealing with citizens' groups. And existence of the league provides a means by which, however indirectly, the men elected by the league may be attacked.

It is too early to predict the future of this new and spectacularly successful group. Grand Rapids, however, has been given a very thorough and useful lesson in the power of a unified citizenry. It is reasonably safe to assume that—if good government again is threatened—the same results again can be obtained.

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934

Compiled by the Detroit Bureau of Governmental Research, Inc.
From Data Furnished by Members of the Governmental Research Associations, City Officials, and Chambers of Commerce

City	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting		
GROUP I														
Pop. 500,000 and over														
1. New York, N. Y.[1]	6,930,446	$717,525,262	$358,569,581	$1,292,342,861	$2,368,437,704	$470,956,226	40	...	60	$1,897,481,478	$1,467,933,023	$211.80	....	1
2. Chicago, Ill.[2]	3,376,438	352,082,022	24,845,000	6,531,000	383,458,022	N	...	...	...	383,458,022	383,458,022	113.57	$4,500,000	2
3. Philadelphia, Pa.[3]	1,950,961	563,600,400	67,253,000	....	630,853,400	151,394,000	81	19	...	479,459,400	419,459,400	215.00	N	3
4. Detroit, Mich.[4]	1,568,662	160,962,731	67,918,520	117,018,000	345,899,251	32,913,742	39	30	31	312,985,509	226,971,361	144.69	5,159,645	4
5. Los Angeles, Calif.[5]	1,238,048	59,918,521	53,468,750	122,981,814	236,369,085	3,120,114	N	N	100	233,248,971	113,387,271	91.51	15,366,450	5
6. Cleveland, Ohio[6]	900,430	86,214,379	20,775,500	31,407,500	138,397,379	7,446,795	42	22	36	130,950,584	102,258,000	113.57	5,389,395	6
7. St. Louis, Mo.	821,960	67,738,000	1,997,000	9,105,000	78,840,000	7,807,421	77	16	7	71,032,579	62,483,263	76.02	N	7
8. Baltimore, Md.[7]	804,874	131,740,182	27,302,527	37,163,870	196,206,579	29,589,959	85	4	11	166,616,620	118,753,933	147.54	610,000	8
9. Boston, Mass.[8]	781,188	85,951,300	8,268,000	76,584,700	170,804,000	35,860,704	54	8	38	134,943,296	71,837,312	91.96	....	9
10. Pittsburgh, Pa.	669,817	52,900,700	22,400,360	7,334,000	82,635,960	3,207,176	51	47	2	79,428,784	72,154,475	107.70	....	10
11. San Francisco, Calif.[9]	634,394	41,408,200	12,983,000	110,681,300	165,072,500	N	...	...	...	165,072,500	95,232,500	150.12	N	11
12. Milwaukee, Wis.[10]	578,249	53,610,549	9,909,966	23,000	63,543,515	4,811,672	80	20	0	58,731,843	58,709,843	101.57	N	12
13. Buffalo, N. Y.	573,076	65,942,192	24,879,750	17,182,020	108,003,962	7,359,729	31	...	69	100,644,233	88,538,516	154.49	475,973	13
GROUP II														
Pop. 300,000 to 500,000														
14. Washington, D. C.	486,869	No Bonded Debt												14
15. Minneapolis, Minn.[11]	464,356	29,046,634	22,048,966	4,161,000	55,256,600	6,252,889	59	38	3	49,003,711	45,675,337	98.36	8,879.496	15
16. New Orleans, La.[12]	458,762	44,693,000	5,596,000	11,818,000	62,107,000	N	...	...	...	62,107,000	59,107,000	128.77	....	16
17. Cincinnati, Ohio.[13]	451,160	50,503,133	16,678,500	43,811,030	110,992,663	39,638,815	48	8	44	71,353,848	41,164,572	91.24	5,608,041	17
18. Newark, N. J.[14]	442,337	43,313,250	20,261,200	45,891,000	109,465,450	14,258,493	...	...	...	95,206,957	76,298,821	172.49	4,784,000	18
19. Kansas City, Mo.	399,746	21,426,000	19,390,000	13,449,000	54,265,000	5,667,305	14	56	30	48,597,695	36,833,979	92.14	....	19
20. Seattle, Wash.[15]	365,583	14,482,500	11,549,874	48,799,000	74,831,374	1,035,826	38	N	62	73,795,548	25,635,021	70.12	23,010,045	20
21. Indianapolis, Ind.[16]	364,161	17,175,898	10,266,000	N	27,441,898	940,780	73	27	...	26,501,118	26,501,118	72.77	4,612,969	21
22. Rochester, N. Y.	328,132	26,717,500	16,336,060	7,707,000	50,760,560	5,291,367	57	18	35	45,468,193	39,109,293	119.24	10,795,500	22
23. Jersey City, N. J.[17]	316,715	26,254,300	14,994,000	16,203,255	57,451,555	8,490,022	39	20	41	48,961,533	36,461,748	115.12	934,333	23
24. Louisville, Ky.[18]	307,745	28,295,900	9,966,400	1,079,000	39,341,300	6,536,982	79	12	9	32,804,318	32,307,458	104.98	N	24
25. Portland, Ore.[19]	301,815	26,958,403	8,924,079	21,065,000	56,947,482	9,793,152	42	...	58	47,154,329	31,694,386	104.98	6,573,705	25
GROUP III														
Pop. 100,000 to 300,000														
26. Houston, Texas[20]	292,352	29,941,000	11,443,500	2,603,000	43,987,500	4,759,486	66	26	8	39,228,014	37,008,329	126.58	N	26
27. Toledo, Ohio	290,718	26,660,650	12,731,000	1,070,000	40,461,650	1,078,222	100	...	...	39,383,428	38,313,428	131.79	345,945	27
28. Columbus, Ohio[21]	290,564	17,676,640	8,954,140	8,961,500	35,592,280	8,931,917	44	34	22	26,660,363	21,347,299	73.46	6,705,664	28
29. Denver, Colo.[22]	287,861	3,000,000	9,144,000	34,394,200	46,538,200	571,462	63	...	37	45,966,738	25,398,099	88.23	8,750,600	29
30. Oakland, Calif.[23]	284,063	11,173,955	10,834,279	39,110,500	61,118,734	N	...	...	...	61,118,734	22,008,234	77.51	1,270,798	30

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934—(Continued)

		Gross Bonded Debt				Sinking Fund				Net Bonded Debt				
City	Census 1930	General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting	Total gross special assessment debt	No.
31. St. Paul, Minn.	271,606	18,375,000	10,548,000	6,821,000	35,744,000	5,983,200	44	39	17	29,760,800	23,973,920	88.26	7,400,000	31
32. Atlanta, Ga.	270,366	6,193,000	5,406,500	2,702,000	14,301,500	1,418,242	46	21	33	12,883,258	10,648,454	39.38	579,900	32
33. Dallas, Texas	260,475	18,708,500	7,535,000	9,294,000	35,537,500	1,939,259	52	14	34	33,598,241	24,970,504	95.86	N	33
34. Birmingham, Ala.	259,678	9,670,000	9,883,000	100,000	19,653,000	1,487,000	100	N	N	18,165,418	18,065,418	69.48	3,784,000	34
35. Akron, Ohio	255,040	21,047,315	9,612,758	10,516,520	41,176,593	1,735,698	6	34	60	39,440,895	29,959,403	117.47	7,323,472	35
36. Memphis, Tenn.	253,143	15,481,000	6,453,000	5,806,000	27,740,000	1,786,464	41	38	21	25,953,536	20,523,412	81.07	553,000	36
37. Providence, R. I.	252,981	24,128,500	14,314,500	19,500,000	57,942,500	14,880,002	47	14	39	43,062,498	29,371,828	116.10	....	37
38. San Antonio, Texas	231,542	16,931,500	7,226,000	6,501,000	30,658,500	1,418,636	54	38	8	39,239,864	22,851,123	98.69	....	38
39. Omaha, Neb.[24]	214,006	13,162,297	8,800,000	7,981,000	29,943,297	5,728,779	19	11	70	24,214,518	20,234,916	94.55	5,580,500	39
40. Syracuse, N. Y.	209,326	Not Reported												40
41. Dayton, Ohio[25]	200,982	9,736,735	8,052,946	5,404,000	23,193,681	1,841,177	52	...	48	21,352,504	16,837,310	83.77	998,226	41
42. Worcester, Mass.	195,311	7,415,000	702,000	3,559,600	11,676,600	740,298	63	...	37	10,936,302	7,647,458	39.15	....	42
43. Oklahoma City, Okla.	185,389	11,936,700	6,656,800	6,380,400	24,973,900	8,894,246	45	17	38	16,079,654	13,086,554	70.58	6,530,229	43
44. Richmond, Va.[26]	182,929	24,510,642	6,184,438	7,155,550	37,850,630	10,819,831	68	14	18	27,030,799	21,868,530	119.55	N	44
45. Youngstown, Ohio	170,002	4,926,230	2,800,000	1,110,000	8,836,230	N	...	...	...	8,836,230	7,726,230	45.45	1,169,878	45
46. Grand Rapids, Mich.	168,592	7,960,500	3,981,257	2,855,000	14,796,757	1,804,704	51	N	49	12,992,053	11,013,339	65.32	1,919,710	46
47. Hartford, Conn.	164,072	13,207,000	7,628,000	3,675,000	24,510,000	3,368,732	49	37	14	21,141,268	17,939,677	109.34	....	47
48. Fort Worth, Texas	163,447	15,864,000	4,510,000	5,759,000	26,133,000	2,535,980	39	35	26	23,597,020	18,502,168	113.20	N	48
49. New Haven, Conn.	162,655	16,421,000	683,000	N	17,104,000	960,509	...	...	...	16,143,491	16,143,491	99.25	N	49
50. Flint, Mich.	156,492	8,512,722	8,057,000	2,474,500	19,044,272	2,228,358	27	37	36	16,815,914	15,137,824	96.73	2,470,000	50
51. Nashville, Tenn.[27]	153,866	10,280,000	1,845,000	3,546,000	15,689,000	1,263,446	...	...	...	14,425,554	10,861,554	70.59	....	51
52. Springfield, Mass.	149,900	8,294,450	2,336,050	7,313,000	17,943,500	N	...	...	...	17,943,500	10,630,500	70.92	....	52
53. San Diego, Calif.	147,995	3,899,582	5,001,500	11,135,158	20,036,240	N	...	...	...	20,036,240	20,036,240	135.38	....	53
54. Bridgeport, Conn.	146,716	11,204,000	4,094,000	N	15,298,000	N	...	...	...	15,298,000	15,298,000	103.58	....	54
55. Scranton, Pa.	143,433	2,205,000	6,440,000	N	8,645,000	790,023	7	93	N	7,854,977	7,854,977	54.76	918,819	55
56. Des Moines, Ia.	142,559	5,674,347	7,677,500	5,403,000	18,754,847	789,075	N	N	100	17,965,772	13,351,847	94.36	....	56
57. Long Beach, Calif.[28]	142,032	10,821,982	7,131,571	6,533,000	24,486,553	N	...	...	...	24,486,553	17,953,553	126.36	....	57
58. Tulsa, Okla.	141,258	11,106,391	6,063,607	5,231,000	22,400,998	2,267,568	52	48	N	20,133,430	14,902,430	105.50	....	58
59. Salt Lake City, Utah	140,267	3,794,500	4,043,000	4,606,500	12,444,000	87,000	86	14	N	12,357,000	7,750,500	55.36	720,700	59
60. Paterson, N. J.	138,513	10,345,514	7,354,000	13,492,000	31,191,514	2,566,037	60	40	N	28,625,477	15,133,477	109.26	492,960	60
61. Yonkers, N. Y.	134,646	Not Reported												61
62. Norfolk, Va.[29]	129,710	19,261,003	6,034,626	14,435,771	39,731,400	8,951,665	60	...	40	30,779,735	19,919,362	153.57	N	62
63. Jacksonville, Fla.[30]	129,549	5,752,500	4,191,000	5,022,500	14,966,000	476,747	...	...	100	14,489,253	9,466,753	73.07	1,071,000	63
64. Albany, N. Y.	127,412	11,530,410	5,483,250	12,856,000	29,869,660	2,002,329	89	...	11	27,867,331	15,241,538	119.62	2,471,800	64
65. Trenton, N. J.	123,356	10,668,060	7,634,050	844,000	19,146,110	3,063,367	54	26	20	16,082,743	15,842,784	128.43	279,000	65
66. Kansas City, Kan.[31]	121,857	3,763,356	1,622,000	6,023,000	11,408,356	2,556,331	N	18	82	8,852,025	4,928,401	40.44	666,592	66
67. Chattanooga, Tenn.	119,798	11,575,000	1,964,000	N	13,539,000	314,460	...	...	...	13,224,540	13,224,540	110.39	1,276,340	67
68. Camden, N. J.	118,700	15,636,225	4,039,000	1,612,400	21,287,625	3,185,110	69	21	10	18,102,515	16,490,115	138.80	1,217,000	68
69. Erie, Pa.	115,967	6,227,000	5,098,000	1,440,000	12,765,000	450,253	87	N	13	12,314,747	10,934,747	94.29	1,149,000	69
70. Spokane, Wash.	115,514	2,590,800	1,137,000	738,000	4,465,800	415,192	19	14	67	4,050,608	3,590,229	31.08	1,490,344	70
71. Fall River, Mass.	115,274	6,654,500	2,252,000	415,000	9,321,500	1,006,000	80	N	20	8,315,500	8,095,500	70.23	N	71
72. Fort Wayne, Ind.	114,946	910,700	3,045,000	2,305,000	6,260,700	N	...	...	...	6,260,700	3,955,700	34.40	....	72
73. Elizabeth, N. J.	114,589	2,134,800	5,776,300	4,874,000	12,785,100	708,497	...	...	...	12,076,603	7,202,603	62.86	2,216,342	73

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934—(Continued)

City	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting		
74. Cambridge, Mass.	113,643	Not Reported												74
75. New Bedford, Mass.	112,597	5,227,207	2,185,000	1,122,000	8,534,207	791,380	100	...	...	7,742,827	6,620,827	58.80	....	75
76. Reading, Pa.	111,171	4,122,000	5,350,100	791,000	10,263,100	109,538	70	30	N	10,153,562	9,362,562	84.22	684,500	76
77. Wichita, Kansas	111,110	4,592,301	3,109,607	N	7,701,908	48,499	N	100	N	7,653,409	7,653,409	68.88	2,528,883	77
78. Miami, Fla.[32]	110,637	18,760,000	10,491,000	3,005,000	32,256,000	N	...	...	...	32,256,000	29,251,000	264.39	7,599,000	78
79. Tacoma, Wash.[33]	106,817	2,732,500	2,001,000	11,568,495	16,301,995	716,627	60	16	24	15,585,368	4,191,943	39.24	1,787,422	79
80. Wilmington, Del.	106,597	8,600,850	916,000	4,565,000	14,081,850	1,315,382	100	N	N	12,766,468	8,201,469	76.94	....	80
81. Knoxville, Tenn.	105,802	16,525,106	2,420,000	4,622,333	23,567,439	1,536,574	88	...	12	22,030,865	17,408,532	164.54	2,007,202	81
82. Peoria, Ill.	104,969	1,263,000	234,000	N	1,497,000	N	...	...	...	1,497,000	1,497,000	14.20	1,378,000	82
83. Canton, Ohio	104,906	4,816,931	5,496,000	1,110,600	11,423,531	1,784,281	81	19	...	9,639,250	8,528,650	81.30	2,066,424	83
84. South Bend, Ind.	104,193	1,680,000	3,327,500	850,000	5,857,500	153,245	16	N	84	5,704,255	4,982,249	47.82	4,064,065	84
85. Somerville, Mass.	103,908	1,286,000	2,126,000	....	3,412,000	N	...	...	...	3,412,000	3,412,000	32.84	300,000	85
86. El Paso, Texas	102,421	4,654,000	2,851,000	1,900,000	9,405,000	1,233,983	40	42	18	8,171,017	6,489,652	63.36	498,000	86
87. Lynn, Mass.[34]	102,320	6,886,900	....	559,000	7,445,900	208,231	40	...	60	7,237,668	6,804,214	66.50	....	87
88. Evansville, Ind.	102,249	1,504,200	2,210,500	1,771,000	5,485,700	72,904	100	...	...	5,412,796	3,641,796	35.62	....	88
89. Utica, N. Y.	101,740	10,864,024	1,328,042	N	12,192,066	765,619	...	...	...	11,426,447	11,426,447	112.31	531,500	89
90. Duluth, Minn.[35]	101,463	5,029,000	3,910,000	2,611,000	11,550,000	N	...	...	...	11,550,000	8,939,000	88.10	411,000	90
91. Tampa, Fla.	101,161	Not Reported												91
92. Gary, Ind.	100,426	2,488,296	3,500,000*	N	5,948,296	25,267	100	...	...	5,963,029	5,963,029	59.38	4,780,369	92
93. Lowell, Mass.	100,234	(Not Reported)												93
GROUP IV														
Pop. 50,000 to 100,000														
94. Waterbury, Conn.	99,902	7,374,000	1,468,000	7,256,000	16,098,000	176,080	100	N	N	15,921,920	8,665,920	86.74	N	94
95. Schenectady, N. Y.	95,692	8,257,379	2,531,300	583,000	11,371,679	135,077	98	...	2	11,236,602	10,656,829	111.36	1,860,979	95
96. Sacramento, Calif.[36]	93,750	4,308,040	5,880,000	3,253,000	13,441,340	N	...	...	...	13,441,340	10,188,040	108.67	1,530,238	96
97. Allentown, Pa.	92,563	5,535,400	4,912,000	N	10,447,400	1,228,424	30	70	N	9,218,976	9,218,976	99.60	393,300	97
98. Bayonne, N. J.	88,979	3,307,968	3,779,000	3,587,000	10,673,968	221,340	38	62	N	10,452,628	7,086,968	79.64	....	98
99. Wilkes-Barre, Pa.	86,626	Not Reported												99
100. Rockford, Ill.	85,864	283,000	1,205,000	175,000	1,663,000	......	...	...	...	1,663,000	1,488,000	17.33	2,600,000	100
101. Lawrence, Mass.	85,068	2,763,500	1,171,500	204,000	4,139,000	19,962	...	...	100	4,119,038	3,935,000	46.26	....	101
102. Savannah, Ga.	85,024	3,669,500	272,000	180,000	4,121,500	90,376	42	58	N	4,031,124	3,851,124	45.29	240,896	102
103. Charlotte, N. C.	82,675	6,831,675	1,672,000	1,758,325	10,262,000	341,718	100	...	...	9,920,282	8,161,957	98.72	4,542,000	103
104. Berkeley, Calif.[37]	82,109	806,335	1,962,500	9,280,000	12,049,085	1,804,277	2	...	98	10,244,808	2,726,808	33.21	243,074	104
105. Altoona, Pa.	82,054	1.928,000	4,961,500	1,438,000	8,327,500	1,321,670	34	29	37	7,005,830	6,054,807	73.79	2,205,000	105
106. Little Rock, Ark.	81,679	Not Reported												106
107. St. Joseph, Mo.	80,935	3,942,000	2,423,000	N	6,365,000	103,479	6	94	...	6,261,521	6,261,521	77.36	209,663	107
108. Saginaw, Mich.	80,715	786,000	1,280,000	3,106,000	5,172,000	377,960	47	29	24	4,794,040	1,777,705	22.02	1,345,000	108
109. Harrisburg, Pa.	80,339	3.251,080	2,876,500	1,172,320	7,301,120	335,482	45	41	14	6,965,638	5,841,083	72.74	405,500	109
110. Sioux City, Iowa	79,183	Not Reported												110
111. Lansing, Mich.[38]	78,397	2,435,500	N	3,171,000	5,606,500	974,315	14	...	86	4,632,185	2,302,115	29.36	....	111
112. Pawtucket, R. I.	77,149	Not Reported												112
113. Manchester, N. H.	76,834	2,642,217	1,192,783	236,000	4,071,000	N	...	...	...	4,071,000	3,835,000	49.91	N	113

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934—(Continued)

City	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting		
114. Binghamton, N. Y.	76,662	3,407,375	3,626,150	60,000	7,093,525	102,134	100	...	...	6,991,391	6,931,391	90.41	N	114
115. Shreveport, La.	76,655	5,647,750	1,545,000*	3,113,500	10,446,250	210,957	76	...	24	10,235,293	9,855,293	128.57	N	115
116. Pasadena, Calif.[38]	76,086	4,172,130	2,846,000	6,005,120	14,023,250	187,065	35	N	65	13,836,185	7,954,390	104.54	3,353,444	116
117. Lincoln, Neb.	75,933	919,818	3,860,060	1,534,000	6,313,878	341,219	54	...	46	5,972,659	4,594,132	60.50	1,352,445	117
118. Huntington, W. Va.	75,572	Not Reported												118
119. Niagara Falls, N. Y.	75,460	Not Reported												119
120. Winston Salem, N. C.	75,274	9,062,333	3,498,000	2,820,667	15,381,000	487,558	...	...	...	14,893,442	12,072,775	160.38	1,907,000	120
121. East St. Louis, Ill.	74,347	Not Reported												121
122. Troy, N. Y.	72,763	4,933,329	1,432,475	940,250	7,306,054	143,000	...	...	...	7,163,054	6,222,804	85.52	N	122
123. Quincy, Mass.	71,983	1,993,500	1,847,000	450,000	4,290,500	N	...	...	...	4,290,500	3,840,500	53.35	N	123
124. Springfield, Ill.[38]	71,864	186,000	265,000	2,735,000	3,186,000	52,118	100	...	...	3,133,882	398,882	5.55	N	124
125. Portland, Me.	70,810	Not Reported												125
126. Lakewood, Ohio	70,509	2,501,840	3,617,500*	166,000	6,285,340	349,993	100	...	...	5,935,347	5,935,347	84.17	199,845	126
127. Roanoke, Va.	69,206	5,245,000	2,650,000	N	7,895,000	1,315,157	100	...	...	6,579,843	6,579,843	95.08	N	127
128. Springfield, Ohio	68,743	Not Reported												128
129. Mobile, Ala.	68,202	2,695,000	990,000	1,929,000	5,614,000	1,271,375	100	...	...	4,342,625	2,413,625	35.39	4,218,000	129
130. New Britain, Conn.[39]	68,128	1,932,000	3,253,000	1,744,000	6,929,000	623,763	36	15	49	6,305,237	4,865,500	71.42	N	130
131. East Orange, N. J.	68,020	6,883,500	3,297,245	1,003,000	11,183,745	1,155,164	17	42	41	10,028,581	9,501,590	139.69	....	131
132. Racine, Wis.	67,542	2,297,000	1,763,000	150,000	4,210,000	378,000	48	39	13	3,832,000	3,732,000	55.25	514,188	132
133. Johnstown, Pa.	66,993	Not Reported												133
134. Cicero, Ill.	66,602	Not Reported												134
135. Atlantic City, N. J.	66,198	22,147,000	3,807,000	2,500,000	28,454,000	2,614,025	58	19	23	25,839,975	23,931,651	361.52	N	135
136. Montgomery, Ala.	66,079	3,657,000	2,333,000	1,760,000	7,750,000	N	...	...	...	7,750,000	5,990,000	90.65	1,907,765	136
137. Newton, Mass.	65,276	Not Reported												137
138. Covington, Ky.	65,252	1,085,900	750,000	1,956,000	3,791,900	N	...	...	...	3,791,900	1,835,900	28.13	....	138
139. Pontiac, Mich.	64,928	3,987,950	3,961,974	1,579,500	9,529,424	925,954	N	96	4	8,603,470	7,060,074	108.74	1,144,800	139
140. Hammond, Ind.	64,560	Not Reported												140
141. Topeka, Kan.	64,120	1,546,249	2,201,703	714,000	4,461,952	238,063	N	N	100	4,223,889	3,747,952	58.45	1,094,110	141
142. Oak Park, Ill.	63,982	Not Reported												142
143. Brockton, Mass.	63,797	990,000	271,000	1,290,000	2,551,000	324,576	N	N	100	2,226,424	1,261,000	19.77	....	143
144. Evanston, Ill.	63,338	Not Reported												144
145. Passaic, N. J.	62,959	6,274,500	2,237,750	7,750,427	16,262,677	1,015,789	63	37	...	15,246,888	7,496,461	119.07	N	145
146. Terre Haute, Ind.	62,810	Not Reported												146
147. Glendale, Calif.[39]	62,736	1,501,750	4,469,500	493,740	6,464,990	82,861	N	N	100	6,382,129	5,971,250	95.18	1,829,908	147
148. Charleston, S. C.	62,265	Not Reported												148
149. Wheeling, W. Va.	61,659	1,114,700	N	1,595,000	2,709,700	11,213	100	N	N	2,698,487	2,698,487	43.76	....	149
150. Mt. Vernon, N. Y.	61,499	7,203,000	5,185,050	2,583,000	14,971,500	1,402,447	35	N	65	13,568,603	11,891,823	193.41	249,000	150
151. Davenport, Ia.	60,751	Not Reported												151
152. Charleston, W. Va.	60,408	Not Reported												152
153. Augusta, Ga.	60,342	Not Reported												153
154. Lancaster, Pa.	59,949	Not Reported												154
155. Medford, Mass.	59,714	Not Reported												155
156. Hoboken, N. J.	59,261	5,419,563	3,375,635	256,000	9,051,198	1,717,408	46	49	5	7,333,790	7,165,095	122.75	N	156

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934—(Continued)

City	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting		
157. Chester, Pa.	59,164	3,820,000	2,185,000	N	6,005,000	1,431,445	45	55	N	4,573,555	4,573,555	77.30	416,500	157
158. Union City, N. J.	58,659	2,959,902	2,070,500	N	5,030,402	382,185	77	23	...	4,648,217	4,648,217	79.24	337,097	158
159. Malden, Mass.	58,036	Not Reported												159
160. Madison, Wis.	57,899	2,017,200	2,889,500	315,000	5,221,700	N	...	...	...	5,221,700	4,906,700	84.75	385,300	160
161. Bethlehem, Pa.	57,892	Not Reported												161
162. Beaumont, Texas[40]	57,732	4,983,500	2,333,638	2,615,750	9,932,888	873,069	36	21	43	9,059,819	8,392,819	145.37	N	162
163. San Jose, Calif.	57,651	911,725	2,003,000	N	2,914,725	N	...	...	...	2,914,725	2,914,725	50.50	96,000	163
164. Springfield, Mo.	57,527	816,000	1,810,550	N	2,626,550	241,925	43	57	N	2,384,625	2,384,625	41.45	....	164
165. Decatur, Ill.	57,510	Not Reported												165
166. Irvington, N. J.	56,733	3,480,931	4,169,150	N	7,650,081	232,072	60	40	N	7,418,009	7,418,009	130.75	648,744	166
167. Holyoke, Mass.[41]	56,537	1,356,000	623,000	1,530,000	3,509,000	N	...	...	...	3,509,000	1,979,000	35.00	N	167
168. Hamtramck, Mich.	56,268	3,809,826	3,547,500	491,000	7,848,326	951,681	47	53	...	6,896,645	6,405,645	113.84	83,390	168
169. Cedar Rapids, Ia.	56,097	Not Reported												169
170. York, Pa.	55,254	1,262,500	1,971,000	N	3,233,500	415,427	...	...	N	2,818,073	2,818,073	51.00	46,100	170
171. Jackson, Mich.	55,187	Not Reported												171
172. Kalamazoo, Mich.[38]	54,786	237,750	2,094,000	9,750	2,341,500	88,377	100	...	...	2,253,123	2,243,373	40.95	474,786	172
173. East Chicago, Ind.	54,784	Not Reported												173
174. McKeesport, Pa.	54,632	1,334,000	1,560,000	....	2,894,000	133,219	3	97	...	2,760,781	2,760,781	50.66	858,842	174
175. New Rochelle, N. Y.	54,000	8,904,700	6,467,176	....	15,371,876	372,208	100	...	...	14,999,668	14,999,668	277.78	156,644	175
176. Macon, Ga.	53,829	855,000	1,148,000	320,000	2,323,000	N	...	...	...	2,323,000	2,003,000	37.59	N	176
177. Greensboro, N. C.	53,569	5,439,152	869,000	2,741,848	9,050,000	333,899	83	...	17	8,716,101	6,033,217	112.62	4,982,876	177
178. Austin, Texas	53,120	3,430,000	1,202,000	1,424,500	6,056,500	109,098	...	...	...	5,947,402	4,522,902	85.14	N	178
179. Highland Park, Mich.	52,959	2,668,400	3,390,250	1,113,126	7,171,776	3,014,589	80	20	...	4,157,187	3,044,061	57.48	40,700	179
180. Galveston, Texas	52,938	Not Reported												180
181. Waco, Texas	52,848	Not Reported												181
182. Fresno, Calif.	52,513	461,500	3,555,000	2,520,000	6,536,500	N	...	...	...	6,536,500	4,016,500	76.48	N	182
183. Hamilton, Ohio[42]	52,176	965,550	1,618,500	964,670	3,548,720	167,220	...	9	91	3,381,500	2,569,380	49.24	466,183	183
184. Durham, N. C.	52,037	3,776,374	1,701,087	3,876,333	9,353,794	29,484	100	...	...	9,324,310	5,447,977	104.70	1,405,206	184
185. Columbia, S. C.	51,581	Not Reported												185
186. Cleveland Hts., Ohio	50,945	1,883,761	6,194,514	N	8,078,275	514,811	100	...	...	7,563,464	7,563,464	148.46	1,559,675	186
187. Port Arthur, Texas	50,902	4,597,200	2,113,000	863,500	7,573,700	391,644	51	49	...	7,182,056	6,318,556	124.13	14,000	187
188. Dearborn, Mich.	50,358	10,505,000	6,816,000	2,362,000	19,683,000	3,537,169	75	11	14	16,145,831	14,291,289	283.79	1,205,500	188
189. Kenosha, Wis.	50,262	387,000	2,531,000	151,000	3,069,000	N	...	...	...	3,069,000	2,918,000	58.06	729,977	189
190. Asheville, N. C.	50,193	Not Reported												190
191. Pueblo, Colo.	50,096	403,000	1,476,000	1,385,000	3,264,000	193,583	15	2	83	3,070,417	1,847,164	36.94	1,399,300	191
GROUP V														
Pop. 30,000 to 50,000														
192. Pittsfield, Mass.	49,677	Not Reported												192
193. Woonsocket, R. I.	49,376	Not Reported												193
194. Haverhill, Mass.	48,710	1,004,000	169,000	209,000	1,382,000	22,000	100	...	...	1,360,000	1,151,000	23.63	N	194
195. New Castle, Pa.	48,674	900,000	2,205,000	N	3,105,000	178,900	72	28	...	2,926,100	2,926,100	60.12	255,030	195
196. Everett, Mass.	48,424	Not Reported												196

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934—(Continued)

City	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting		
197. Jackson, Miss.	48,282	Not Reported												197
198. Phoenix, Ariz.[43]	48,118	2.519,500	5,861,000	5,463,000	13,843,500	393,153	21	75	4	13,450,347	8,002,492	166.31	1,772,209	198
199. Stockton, Calif.	47,963	6,019,500	940,000	N	6,959,500	N	...	...	...	6,959,500	6,959,500	145.10	....	199
200. Brookline, Mass.	47,490	902,475	1,114,500	298,000	2,314,975	N	...	...	...	2,314,975	2,016,975	42.47	....	200
201. Elmira, N. Y.	47,397	2,215,900	745,000	740,000	3,700,900	N	...	...	...	3,700,900	2,960,900	62.45	N	201
202. Bay City, Mich.	47,355	260,000	1,490,000	1,624,000	3,374,000	954,628	18	77	5	2,419,372	845,033	17.84	106,500	202
203. Berwin, Ill.	47,027	Not Reported												203
204. Clifton, N. J.	46,875	3,415,959	2,169,400	4,991,422	10,576,781	143,381	55	45	...	10,433,400	5,441,978	216.10	1,603,356	204
205. Aurora, Ill.	46,589	677,494	645,000	N	1,322,494	N	...	...	...	1,322,494	1,322,494	28.38	1,818,235	205
206. Muncie, Ind.	46,548	Not Reported												206
207. Stamford, Conn.	46,346	Not Reported												207
208. Waterloo, Ia.	46,191	686,000	1,388,000	235,000	2,309,000	158,900	83	...	17	2,150,100	1,941,700	42.03	20,700	208
209. Chelsea, Mass.	45,816	1,390,900	622,500	68,000	2,081,400	400,538	100	...	...	1,680,862	1,612,862	35.20	N	209
210. Lexington, Ky.	45,736	1,038,570	597,000	N	1,635,570	314,390	90	10	...	1,321,180	1,321,180	28.89	134,488	210
211. Williamsport, Pa.	45,729	845,700	1,111,900	N	1,957,600	395,760	46	54	...	1,561,840	1,561,840	34.15	210,700	211
212. Portsmouth, Va.	45,704	5,339,100	743,000	2,950,000	9,032,100	1,785,674	30	...	70	7,246,426	5,541,838	121.25	N	212
213. Jamestown, N. Y.[44]	45,155	1,200,481	1,471,500	631,500	3,303,481	83,543	...	...	100	3,219,983	2,671,981	59.17	657,400	213
214. Lorain, Ohio	44,512	1,142,476	1,205,917	322,000	2,670,393	......	...	...	...	2,670,393	2,348,393	52.76	1,186,500	214
215. Chicopee, Mass.[38]	43,930	961,366	259,900	489,750	1,711,016	N	...	...	...	1,711,015	1,221,266	27.80	N	215
216. Wichita Falls, Texas	43,690	2,706,500	1,855,000	2,815,500	7,377,000	73,715	97	1	2	7,303,285	6,590,526	150.84	N	216
217. Battle Creek, Mich.	43,575	1,686,500	1,126,500	....	2,813,000	N	...	...	...	2,813,000	2,813,000	64.61	....	217
218. Perth Amboy, N. J.[38]	43,516	2,071,500	1,823,000	2,564,000	6,458,500	866,384	12	45	43	5,592,116	3,402,816	78.20	559,600	218
219. Salem, Mass.	43,353	921,000	446,500	313,000	1,680,500	N	...	...	...	1,680,500	1,367,500	31.54	....	219
220. Amarillo, Texas	43,132	3,185,000	1,991,000	1,891,000	7,067,000	358,546	52	48	...	6,708,454	4,817,454	111.69	....	220
221. Columbus, Ga.	43,131	Not Reported												221
222. Joliet, Ill.	42,993	Not Reported												222
223. Cranston, R. I.	42,911	1,497,500	2,459,000	N	3,956,500	329,365	...	...	...	3,627,135	3,627,135	84.53	N	223
224. Portsmouth, Ohio	42,560	2,250,800	2,155,600	939,000	5,345,400	576,470	57	13	30	4,768,930	4,002,649	94.04	1,625,583	224
225. Lima, Ohio	42,287	3,605,266	677,000	708,000	4,990,266	68,900	77	...	23	4,921,366	4,229,366	100.02	508,575	225
226. Council Bluffs, Ia.	42,048	Not Reported												226
227. Montclair, N. J.	42,017	3,716,120	5,507,500	3,203,000	12,426.620	1,173,963	11	75	14	11,252,657	8,220,927	195.71	526,000	227
228. Dubuque, Ia.[45]	41,679	1,357,063	977,000	563,000	2,897,063	562,961	38	31	31	2,334,102	2,235,094	53.63	389,600	228
229. Muskegon, Mich.	41,390	2,162,000	2,597,316	348,000	5,107,316	213,740	76	...	24	4,893,576	4,597,316	111.07	433,110	229
230. Warren, Ohio	41,062	1,585,588	1,858,300	595,400	4,039,288	94,791	...	8	92	3,944,497	3,436,097	83.68	628,450	230
231. Kearny, N. J.	40,716	2,736,000	2,220,500	7,441,000	12,397,500	763,332	51	45	4	11,634,168	11,634,168	285.73	1,136,000	231
232. Fitchburg, Mass.	40,692	1,177,000	99,000	498,600	1,774,600	N	...	...	...	1,774,600	1,276,000	31.36	N	232
233. Lynchburg, Va.	40,661	2,702,203	1,116,272	1,848,958	5,685,433	1,696,747	66	...	34	3,988,686	2,714,728	66.76	N	233
234. St. Petersburg, Fla.	40,425	Not Reported												234
235. Poughkeepsie, N. Y.	40,288	Not Reported												235
236. Ogden, Utah	40,272	Not Reported												236
237. Oshkosh, Wis.	40,108	773,000	656,000	164,500	1,593,500	N	...	...	...	1,593,500	1,429,000	35.63	1,063	237
238. Anderson, Ind.	39,804	477,201	733,000	N	1,210,201	N	...	...	...	1,210,201	1,210,201	30.40	687,074	238
239. East Cleveland, Ohio	39,667	1,419,250	2,715,000	N	4,134,250	728,000	50	50	N	3,406,250	3,406,250	85.86	295,880	239

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934—(Continued)

City	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting		
240. La Crosse, Wis.	39,614	391,000	477,000	68,000	936,000	2,000	100	...	...	934,000	934,000	23.58	189,294	240
241. Butte, Mont.	39,532	Not Reported												241
242. Sheboygan, Wis.	39,251	140,000	402,000	200,000	742,000	N	...	...	...	742,000	542,000	13.81	151,264	242
243. Waltham, Mass.	39,247	Not Reported												243
244. Quincy, Ill.	39,241	N	810,000	119,000	929,000	N	...	...	...	929,000	810,000	20.64	767,000	244
245. Meriden, Conn.	38,481	Not Reported												245
246. Bloomfield, N. J.	38,077	2,588,577	2,703,500	1,319,000	6,611,077	106,015	67	N	33	6,505,062	5,221,062	137.13	475,423	246
247. Rock Island, Ill.	37,953	Not Reported												247
248. Cumberland, Md.	37,747	Not Reported												248
249. San Bernardino, Cal.	37,481	773,667	475,000	270,875	1,519,542	16,857	N	100	N	1,502,685	1,231,810	32.85	N	249
250. Green Bay, Wis.	37,415	Not Reported												250
251. Raleigh, N. C.	37,379	Not Reported												251
252. Taunton, Mass.	37,355	Not Reported												252
253. Santa Monica, Calif.	37,146	2,200,500	1,753,000	1,255,250	5,208,750	114,461	53	...	47	5,094,289	3,793,443	102.12	582,168	253
254. West New York, N. J.	37,107	1,584,590	2,102,500	N	3,687,090	254,551	100	...	...	3,432,539	3,432,539	92.68	100,030	254
255. Hazleton, Pa.	36,765	1,963,000	1,177,000	N	3,140,000	66,651	7	93	...	3,073,349	3,073,349	83.59	N	255
256. Danville, Ill.	36,765	151,000	489,400	N	640,400	N	...	...	...	640,400	640,400	17.42	506,000	256
257. High Point, N. C.[46]	36,745	346,000	1,091,000	3,807,000	5,244,000	353,510	...	...	...	4,890,490	1,083,490	29.49	....	257
258. Auburn, N. Y.	36,652	1,514,154	642,000	352,500	2,508,654	33,408	...	...	100	2,475,246	2,156,153	58.83	181,549	258
259. Zanesville, Ohio	36,440	Not Reported												259
260. Superior, Wis.	36,113	733,138	1,250,100	N	1,983,238	20,100	33	67	N	1,963,138	1,963,138	54.36	N	260
261. Arlington, Mass.	36,094	478,500	973,000	219,000	1,670,500	133,413	100	...	...	1,537,087	1,318,087	36.52	N	261
262. Norwalk, Conn.[38]	36,019	2,751,500	1,037,000	1,283,500	5,072,000	611,874	70	...	30	4,460,126	3,358,965	93.25	....	262
263. Elgin, Ill.	35,929	865,264	260,000	60,000	1,185,264	10,812	...	...	100	1,174,452	1,125,264	31.32	1,289,540	263
264. Norristown, Pa.	35,853	1,035,000	1,368,500	N	2,403,500	485,349	23	77	N	1,918,151	1,918,151	53.50	N	264
265. White Plains, N. Y.	35,830	4,884,871	7,232,000	1,830,800	13,947,671	164,884	30	3	67	13,782,787	12,061,801	336.64	....	265
266. Revere, Mass.	35,680	1,430,593	783,500	229,000	2,443,093	N	...	...	...	2,443,093	2,214,093	62.05	....	266
267. Steubenville, Ohio	35,422	410,717	697,750	34,994	1,143,461	40,968	7	53	40	1,102,493	1,083,999	30.60	118,600	267
268. Orange, N. J.	35,399	Not Reported												268
269. Alameda, Calif.[38]	35,033	204,675	1,335,525	4,590,000	6,130,200	N	...	...	...	6,130,200	1,630,200	46.53	111,298	269
270. Lewiston, Me.	34,948	1,195,000	....	363,000	1,558,000	225,000	100	...	...	1,333,000	970,000	27.75	....	270
271. Watertown, Mass.	34,913	503,000	980,000	16,000	1,499,000	N	...	...	...	1,499,000	1,483,000	42.48	N	271
272. Amsterdam, N. Y.	34,817	685,500	2,048,800	70,000	2,804,300	118,245	63	13	24	2,686,055	2,643,887	75.97	34,304	272
273. West Allis, Wis.	34,617	919,000	1,138,000	305,000	2,362,000	N	...	...	...	2,362,000	2,362,000	68.13	1,180,225	273
274. New Brunswick, N. J.	34,555	1,695,000	1,349,000	1,257,000	4,301,000	N	...	...	...	4,301,000	3,238,442	93.72	342,900	274
275. Easton, Pa.	34,468	Not Reported												275
276. Plainfield, N. J.	34,422	2.584,000	1,955,000	N	4,539,000	215,917	47	53	...	4,323,083	4,323,083	125.59	326,000	276
277. Newport News, Va.	34,417	2,343,000	1,001,500	3,064,000	6,408,500	750,127	100	...	...	5,658,373	2,594,373	75.38	N	277
278. Santa Barbara, Calif.	33,613	1,448,625	2,209,625*	631,000	4,289,250	82,722	74	...	26	4,206,528	4,206,528	125.14	N	278
279. Paducah, Ky.	33,541	Not Reported												279
280. Mansfield, Ohio	33,525	692,135	926,000	130,000	1,748,135	87,504	100	...	...	1,660,631	1,530,631	45.66	169,650	280
281. Joplin, Mo.	33,454	Not Reported												281
282. Waukegan, Ill.	33,449	Not Reported												282
283. Norwood, Ohio	33,411	Not Reported												283
284. Sioux Falls, S. Dak.[38]	33,362	630,000	1,382,000	290,000	2,302,000	1,202,625	10	77	13	1,099,375	964,997	28.92	N	284

BONDED DEBT OF 254 CITIES AS AT JANUARY 1, 1934—(Continued)

		Gross Bonded Debt				Sinking Fund				Net Bonded Debt				
City	Census 1930	General Improvement	Public School	Public Utility	Total	Total	General improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Excluding self-supporting	Per capita excluding self-supporting	Total gross special assessment debt	No.
285. Colorado Springs, Colo.[38]	33,237	591,000	902,000	2,131,000	3,624,000	402,000	...	...	100	3,222,000	1,493,000	44.92	233,300	285
286. Elkhart, Ind.	32,949	138,000	675,000	1,214,000	2,027,000	64,902	47	N	53	1,962,098	782,517	23.75	....	286
287. Kokomo, Ind.	32,843	107,500	530,000	N	637,500	N	...	...	...	637,500	637,500	19.41	....	287
288. Laredo, Texas	32,618	Not Reported												288
289. Tucson, Ariz.	32,506	1,741,000	545,600	926,500	3,213,100	669,319	50*	...	50	2,543,781	1,614,281	49.66	621,055	289
290. Richmond, Ind.	32,493	231,000	645,000	N	876,000	13,024	100	N	N	862,976	862,976	26.56	....	290
291. Rome, N. Y.	32,338	679,717	785,000	144,000	1,608,717	N	...	...	...	1,608,717	1,464,717	45.29	146,880	291
292. Wilmington, N. C.	32,270	2,215,665	1,000,000*	975,835	4,191,500	44,238	50	...	50	4,147,262	3,193,546	98.96	105,065	292
293. Moline, Ill.	32,236	N	460,000	341,000	801,000	N	...	...	...	801,000	460,000	14.27	644.657	293
294. Watertown, N. Y.	32,205	1,267,785	1,422,650	828,000	3,518,435	219,480	55	45	...	3,298,955	2,470,955	76.72	74,978	294
295. Muskogee, Okla.	32,026	1,924,093	1,274,000	474,000	3,668,093	1,244,589	...	N	...	2,423,504	1,949,504	60.92	520,000	295
296. Meridian, Miss.	31,954	Not Reported												296
297. Pensacola, Fla.	31,597	2,715,000	576,000*	350,000	3,641,000	618,765	100	...	...	3,022,235	3,022,235	95.70	143,500	297
298. Nashua, N. H.	31,463	1,043,500	438,500	N	1,482,000	280,337	...	...	...	1,201,663	1,201,663	38.19	N	298
299. Fort Smith, Ark.	31,429	Not Reported												299
300. Port Huron, Mich.	31,361	1,111,959	512,000	194,000	1,817,959	2,393	100	...	...	1,815,566	1,621,566	51.71	280,977	300
301. Newburgh, N. Y.	31,275	1,111,462	1,096,472	703,231	2,911,165	82,600	100	...	...	2,828,565	2,125,334	67.96	....	301
302. Marion, Ohio	31,084	1,083,500	1,175,500	N	2,259,000	N	...	...	...	2,259,000	2,259,000	72.67	260,500	302
303. Bloomington, Ill.	30,930	245,000	N	1,419,000	1,664,000	62,500	100	N	N	1,601,500	182,500	59.00	415,000	303
304. Hagerstown, Md.	30,861	2,324,000	1,247,000	2,905,000	6,476,000	N	...	...	...	6,476,000	1,421,000	46.04	N	304
305. Bellingham, Wash.[47]	30,823	518,000	N	554,500	1,072,500	N	...	...	...	1,072,500	518,000	16.81	540,655	305
306. Baton Rouge, La.	30,729	Not Reported												306
307. Newark, Ohio	30,596	738,993	846,000	312,000	1,896,993	166,064	16	...	84	1,730,929	1,558,951	50.95	327,272	307
308. Everett, Wash.	30,567	1,472,000	367,000	1,803,000	3,642,000	510,799	30	4	66	3,131,201	1,666,415	54.52	383,000	308
309. Santa Ana, Calif.	30,322	538,505	1,512,000	168,915	2,219,420	181,756	17	75	8	2,037,664	1,883,692	62.12	1,332,882	309
310. Alton, Ill.	30,151	Not Reported												310
Canadian Cities														
1. Montreal, Que.[48]	818,577	135,330,129	31,795,000	50,839,632	217,964,761	29,440,710	85	15	...	188,524,051	137,684,419	168.20	50,885,036	1
2. Toronto, Ont.[49]	626,674	59,156,755	28,262,672	90,064,674	177,484,101	24,578,053	30	22	48	152,906,048	74,718,856	119.22	16,303,500	2
3. Vancouver, B. C.	246,593	53,360,727	10,398,176	6,014,258	70,773,161	18,223,125	78	14	8	51,550,036	47,018,354	190.66	7,397,947	3
4. Winnipeg, Man.[50]	218,785	11,161,249	8,250,000	35,621,564	55,032,813	21,733,226	34	13	53	33,299,587	9,197,620	42.04	10,875,057	4
5. Hamilton, Ont.[51]	153,507	15,546,034	5,299,629	8,664,498	29,510,161	2,649,554	50	..	50	26,860,607	19,519,315	127.16	2,243,901	5
6. Quebec, Que.[52]	130,594	18,131,923	6,580,000	8,184,405	32,896,328	2,907,257	61	39	...	29,989,071	21,804,666	166.96	....	6
7. Ottawa, Ont.[53]	126,872	13,029,983	3,984,945	6,451,094	23,466,022	5,695,434	43	18	39	17,770,588	13,520,618	106.57	....	7
8. Calgary, Alta.[54]	83,761	9,481,231	2,855,033	11,025,689	23,361,953	9,658,757	45	...	55	13,703,196	8,034,384	95.92	3,147,727	8
9. Edmonton, Alta.[55]	79,197	21,706,993	4,073,105	6,943,777	32,723,875	9,206,514	71	7	22	23,517,361	18,577,250	234.57	2,882,789	9
10. London, Ont.	71,148	Not Reported												10
11. Windsor, Ont.[56]	63,108	5,956,646	4,249,348	3,200,478	13,406,472	256,131	...	53	47	13,150,341	10,070,381	159.57	....	11
12. Verdun, Que.	60,745	6,666,900	1,698,973	300,000	8,665,873	1,695,114	86	8	6	6,970,759	6,970,759	114.75	1,751,700	12
13. Halifax, N. S.	59,275	Not Reported												13
14. Regina, Sask.[57]	53,209	5,955,626	2,514,479	6,804,874	15,274,979	5,974,457	44	7	49	9,300,521	5,398,674	101.79	2,597,963	14
15. St. John, N. B.	47,514	Not Reported												15
16. Saskatoon, Sask.[58]	43,291	5,836,211	2,858,826	4,821,141	13,516,178	4,639,819	40	10	50	8,876,359	6,380,384	147.38	2,730,858	16
17. Victoria, B. C.	39,082	11,014,067	1,260,615	3,766,111	16,040,794	4,266,369	59	23	18	11,774,425	8,763,881	224.24	22,800	17

*=Estimated. N.=None.

[1] *New York City.* Utility bonds include rapid transit (subway), $744,909,889, and docks, $175,981,644; general bonds include assessment bonds, $97,682,000; general sinking fund includes school. The water utility is self-supporting; subway and docks partially self-supporting.

[2] *Chicago.* General bonds include sanitary district bonds, $128,131,122, 86 per cent of the total debt of the district, which is the proportion of taxable values within the city. County debt, $45,543,210, and forest preserve district debt (co-extensive with the county), $14,791,500, are not included; 84 per cent of the taxable values are within the city. Utility bonds include light and power, $6,436,000.

[3] *Philadelphia.* General bonds include utility debt. There is no county debt. Net self-supporting debt estimated at $60,000,000.

[4] *Detroit.* Utility bonds include street railway, $32,553,000. and lighting, $21,475,000.

[5] *Los Angeles.* General bonds include flood control, $13,139,042, and county, $3,614,080, based upon proportion of taxable values within the city; utility bonds include light and power, $34,108,000, harbor, $21,008,500, and metropolitan water district, $12,104,064. School bonds are issued by the county, the city's pro-rated share of 86 per cent being reported. School, flood control, and county debt data are as at June 30, 1933.

[6] *Cleveland.* Utility bonds include light and power, $5,317,000.

[7] *Baltimore.* In addition to water debt, conduit and certain harbor terminal debt, reported under general bonds, are deducted as self-supporting.

[8] *Boston.* Utility bonds include rapid transit, $58,996,700, and traffic tunnel, $17,200,000. County debt, borne entirely by the city, is not included.

[9] *San Francisco.* Utility bonds include street railway, $2,202,300. $6,000,000 bonds of Golden Gate and Highway District, of which the city comprises 85 per cent, not included.

[10] *Milwaukee.* General bonds include metropolitan sewerage area bonds, $19,808,749, 79 per cent of the total, based upon the proportion of taxable values within the city.

[11] *Minneapolis.* Utility bonds include light and power, $50,000, market, $20,000, and terminal, $609,000.

[12] *New Orleans.* General bonds include sewerage, water and drainage bonds, $8,818,000. Utility bonds include Public Belt Railroad, $3,000,000. Debt reported does not include Public Belt Bridge bonds, $6,000,000, port bonds, $39,295,000, and Orleans levee district bonds, $16,585,000.

[13] *Cincinnati.* Utility bonds include rapid transit, $6,100,000, airport, $911,000, and Cincinnati Southern Railway, $21,832,000. The annual rental of the railway exceeds the debt charges, being equivalent to debt charges on $10,000,000 general bonds.

[14] *Newark.* Utility bonds include street railway, $8,981,000, and docks, $15,280,000.

[15] *Seattle.* Utility bonds include light and power, $30,602,000, and street railway, $9,447,000. School debt includes 98.7 per cent of district number one, based on ratio of assessed value within the city.

[16] *Indianapolis.* General bonds include park district, $2,940,780, and sanitary district, $3,627,500.

[17] *Jersey City.* Utility bonds include dock, $251,000.

[18] *Louisville.* The city sinking fund owns the capital stock of the Louisville Water Company, estimated to be worth more than $25,000,000.

[19] *Portland.* General bonds include dock, $7,299,800, and city's share (93 per cent) of port bonds, $3,076,000. Utility bonds include golf, $106,000. City's share of school (97.08 per cent) is shown; city's share of county (90.59 per cent), $12,582,500, is not included.

[20] *Houston.* Utility bonds include gas, $327,000.

[21] *Columbus.* Utility bonds include light and power, $1,730,000.

[22] *Denver.* Utility bonds include city's portion (88 per cent) of Moffat Tunnel District bonds.

[23] *Oakland.* Utility bonds include city's portion (60 per cent) of East Bay Municipal Utility District.

[24] *Omaha.* Utility bonds include gas, $2,849,000.

[25] *Dayton.* Utility bonds include sewerage, $700,000, and bonds issued against delinquent taxes, $340,000. City's portion of Miami flood conservancy district bonds not included.

[27] *Nashville.* Utility bonds include light and power, $89,000.

[28] *Long Beach.* Utility bonds include gas, $3,658,000.

[29] *Norfolk.* Utility bonds include dock, $5,461,000; general sinking fund includes school.

[30] *Jacksonville.* Utility bonds include light and power, $1,387,500, street railway, $155,000, and docks and terminals, $2,325,000.

[31] *Kansas City, Kansas.* Utility bonds include light and power, $2,344,000.

[32] *Miami.* Utility bonds include street railway, $1,002,000; school debt is city's portion of Dade County school bonds.

[33] *Tacoma.* Utility bonds include light and power, $7,959,000. street railway, $343,000, and garbage and refuse, $69,000.

[34] *Lynn.* General bonds include school.

[35] *Duluth.* Utility bonds include gas, $607,845.

[36] *Sacramento.* Utility bonds include harbor, $145,000.

[37] *Berkeley.* Utility bonds comprise city's portion (one-seventh) of total water district debt, $65,000,000.

[38] In the following cities, utility bonds include lighting, for the amount shown,—*Lansing*, $2,150,000; *Pasadena*, $330,575; *Springfield, Ill.*, $235,000; *Glendale*, $52,000; *Kalamazoo* $7,000; *Chicopee*, $24,750; *Perth Amboy*, $150,000; *Norwalk*, $22,500; *Alameda*, $90,000; *Sioux Falls*, $50,000; *Colorado Springs*, $1,130,000.

[39] *New Britain.* Utility bonds include conduit, $449,000.

[40] *Beaumont.* Utility bonds include wharves, $1,708,250.

[41] *Holyoke.* Utility bonds include light and power, $938,000, and Holyoke & Westfield R. R., $145,000.

[42] *Hamilton.* Utility bonds include light and power, $518,000, and gas, $235,670.

[43] *Phoenix.* Utility bonds include street railway, $660,000.

[44] *Jamestown.* Utility bonds include light, $120,000, and market, $17,500.

[45] *Dubuque.* Utility bonds include docks, $291,000.

[46] *High Point.* Utility bonds include light, $29,000, and sewer, $1,665,000.

[47] *Bellingham.* Utility bonds include port, $246,500.

[48] *Montreal.* General bonds include hospital bonds, $1,500,000, guaranteed by the city; utility bonds include conduits, $5,500,000; school bonds include Catholic school, $23,870,000; general sinking fund includes utilities.

[49] *Toronto.* Utility bonds include light and power, $27,036,400; street railway, $31,318,760; Canadian National Exhibition, $3,095,200, of which 65 per cent of the debt is carried by taxation; Royal Winter Fair, $1,618,076, 50 per cent carried by taxation, abattoir, $304,000; ferries, $70,000; and housing, $396,000, about 15 per cent carried by taxation. School debt includes Roman Catholic separate schools, $2,300,000 not issued by the city, with sinking fund for same $1,135,795 included with sinking fund reported. Debt reported does not include Harbour Commission, $22,108,000, on which debt charges of $1,357,601 are met through taxation.

[50] *Winnipeg.* Utility bonds include light, $25,727,000, housing $2,150,000, and steam heating, $1,500,000.

[51] *Hamilton.* Utility bonds include light, $3,203,216.

[52] *Quebec.* Utility bonds include housing, $892,898.

[53] *Ottawa.* Utility bonds include light, $923,627. General bonds include special assessment bonds.

[54] *Calgary.* General bonds include hospitals, $325,095; utility debt includes light, $3,037,872; and street railway, $2,812,886.

[55] *Edmonton.* Utility bonds include light, $1,563,674; street railway, $1,025,893; and telephone, $1,085,394.

[56] *Windsor.* Utility bonds include light, $1,415,144, and housing, $966,854. Roman Catholic separate school bonds of $1,150,942 not included.

[57] *Regina.* Utility debt includes light and power, $2,321,920, and street railway, $2,008,018.

[58] *Saskatoon.* Utility debt includes light, $2,181,447, and street railway, $1,376,419.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

City Manager Developments.—The civic affairs committee of the Chicago Association of Commerce has made the city manager plan for Chicago its program feature for the current year; and there are other evidences of an active interest in a city manager movement for that city.

Clifton, N. J., with a population of 46,875, voted on May 1 to adopt the manager plan, 4,343 to 2,458. Seven councilmen will be elected on May 29 to take office June 26. In Toledo, Ohio, petitions are being circulated asking that a proposal to adopt the council-manager plan with proportional representation be placed on the November ballot. Sioux Falls, South Dakota, (population 33,362), on May 7 defeated a proposal for the council-manager plan, by a vote of 3,950 to 6,766.

*

Reno Goes to Bat for the Manager Plan.—The REVIEW for October 1932 (page 607) contained an account of the launching of a campaign in Reno by a representative charter committee for a city manager charter drafted by the National Municipal League. Since that time the movement has languished because of the preoccupation of everyone in the city with the closing of the banks.

Now, however, the campaign has been actively revived. Prominent advertisements have been printed in the papers and the city is being systematically covered for signatures to the charter amendment petitions. Under Nevada law if sixty per cent of the registered voters sign it will not be necessary to hold an election, but the amendment will automatically go into effect.

Proportional representation, which was originally included in the charter, has been omitted because of constitutional questions. A separate amendment to secure it may be undertaken later.

The drive for adoption is under the direction of C. R. Pugh, attorney and former member of the South Carolina legislature, who is chairman of the charter committee and has been the prime mover in the campaign since its inception.

*

Women Voters Hold Convention.—The National League of Women Voters held its annual convention in Boston during the last week in April, with an attendance of nearly 800, 280 of whom were full delegates representing thirty-nine states. Among subjects that received special attention were the need of reform in the tax systems to provide adequate revenue for essential services through equitable distribution of taxes; the question of federal aid to schools; the relation of the federal government to economic welfare and to the consumer in particular; and the improvement in the character of governmental services through the merit system.

*

Detroit's Wayne University.—At the opening of the second semester of the academic year, 1933-34, the reorganized municipal colleges of Detroit assumed the name of Wayne University, discarding the confusing and cumbersome title of Colleges of the City of Detroit.

The constituent units of Wayne University are the colleges of arts and sciences, education, medicine and surgery, pharmacy, and engineering. Affiliated with the institution, and likewise municipally supported, are a law school and a graduate school.

Governed by the school inspectors of Detroit, the group of municipal colleges had grown somewhat haphazardly, without positive integration. During the past two years serious attention was devoted to this problem of correlation and regularization of status. In the summer of 1933, the board of education, composed of seven school inspectors, passed a series of regulatory bylaws for the government of the composite Colleges of the City of Detroit. By this basic act, the semi-autonomous status of the separate units was terminated; integration was effected by the creation of the posts of president and vice-president and the formation of a university council and a cabinet of deans.

Under the statutes of Michigan authorizing he school district of Detroit to maintain a full collegiate program, the board of education is charged with the duty of governing the institution. By other legal provisions the post of president is filled by the superintendent of the public schools of Detroit. Thus the niversity is as much a part of the public school system of Detroit as are the secondary or elementary schools.

Charles W. Shull

Wayne University

*

Salaries and Tenure of City Officials.—The salaries of mayors, city managers, and ifteen other department heads in American cities of over 30,000 population were reduced on an average of about 14 per cent between January 1930 and January 1934, ccording to data in the latest edition of the *Municipal Year Book,* published by the nternational City Managers' Association. The smaller cities are shown to have cut alaries more drastically than the larger ones. Since the beginning of 1934 many cities have estored part or all of the salary cuts.

The average length of service of municipal officials is reported to be approximately even years, librarians, with an average of welve years, holding a record of the longest ervice as a class.

*

A Youth Movement for Municipal Reform.—In New York City, two hundred oung men and women at a meeting May 1 t the City Club launched the New York City Youth Movement, as a nonpartisan, nonsectarian group working for the political and social rehabilitation of the city.

Ellis Chadbourne, the temporary chairman, stated that the specific objectives of the organization include charter revision, the council-manager plan, proportional representation, comprehensive city planning, public housing, and municipal ownership of public utilities.

*

Annual Meeting of New York Mayors.—The New York State Conference of Mayors and other Municipal Officials will celebrate its silver anniversary at its annual meeting in Jamestown, N. Y., on June 12, 13, and 14. Among the subjects to be discussed are: what American municipalities can learn from European cities, municipal electric light plants, municipal motor equipment, effect of changes in population on state and municipal government, new opportunities for improved housing conditions in New York State cities, organization and administration of police departments, restricting future municipal borrowing, relief work plans, federal legislation and regulations affecting municipalities, an analysis of the municipal building codes of New York State, handling traffic violations, and municipal reorganization.

The fire chiefs, city and village clerks, city and village engineers, purchasing officials, and sewage works operators will hold their annual meetings at the same time and place. There will also be training schools for city and village clerks and for purchasing officials.

*

Emergency Grants to States.—Grants of the Federal Emergency Relief Administration during May included $1,000,000 each to the states of Tennessee and Washington for general unemployment relief and work program and rural rehabilitation program; $225,000 to Rhode Island and $150,000 to New Hampshire for the same purposes; additional grants for general relief purposes of $1,000,000 to New Jersey, $200,000 to Utah, and $50,000 to Wyoming.

*

To Foster Caution as to Street-Lighting Economy.—One of the simplest and most obvious means of effecting a noticeable economy is in reducing the amount of street lighting. Such a reduction may be found to entail increased costs, monetary or otherwise, because of more traffic accidents and crime. Realizing this danger, the New Jersey League of Municipalities has appointed a committee on street and highway lighting and safety to study the street-lighting situation in that state and to help preserve adequate standards of lighting. It will endeavor to further the application of street lighting in an economical but effective manner and determine the safe limits of lighting reduction. Data on the value of street lighting from the general standpoint will be gathered. The committee includes street-lighting engineers and traffic and safety officials, and there is an advisory council of illuminating and safety engineers.

*

Police Progress.—A survey recently made by the American Municipal Association shows a very active growth in the use of police radios in the last two and a half years. While police costs have not been generally reduced thereby, the efficiency of the police is stated to have more than doubled. As one indication of this, seventy city police departments reported an increase of about 25 to 50 per cent in the number of arrests since the installation of the radio. But even from the cost standpoint, some cities report substantial savings through the elimination of patrolmen.

At least fifty-five municipal police radio systems serve surrounding territory also, aside from which there are also several state police radio systems.

Most existing installations are simply one-way systems, but the advantages of two-way radios are being more and more considered, these advantages including the elimination of repetition of calls, thus fostering speed, less necessity for call-boxes, greater secrecy, intercommunication among police cars, and facility in summoning aid for police-car occupants.

In several states police training schools have recently been conducted, including Ohio, which held its first crime school at the state university. For five days police officers from all parts of the state studied penal administration, criminal identification, street and highway traffic, police communication, scientific crime detection, uniform crime records and reporting, crime prevention, and the powers and duties of police officers.

Michigan police attended four series of lectures at an institute for law enforcement officers held on alternate Mondays of March and April this year at the University of Michigan. Lectures of the institute, first of its kind in the state, were devoted mainly to utilization of medical knowledge in detecting crime.

Police officers of Oklahoma, to the number of forty, representing 197 years of police experience, held a conference recently at Ardmore, Okla., to exchange views on apprehending criminals and the preservation of law and order. A comprehensive practical training school program is planned as a permanent feature of police work in the state.

California, Colorado, Kansas, Minnesota, New York, Texas, Virginia, and Wisconsin are among other states which hold schools for their policemen.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Wisconsin—Referenda on Adoption of Small Board of Commissioners in Six Counties.—At the spring elections on April 3 the voters of six Wisconsin counties held referenda under a permissive statute of 1921 to determine whether large unwieldy boards of supervisors should be replaced by small boards of county commissioners. In two of these counties, Douglas and Sawyer, the commissioner plan won by a close vote; in Washburn County it lost by only nine votes; while in Eau Claire, Crawford, and Dane Counties the old supervisor type of board was retained by substantial majorities. Five out of seventy-one Wisconsin counties now operate with small boards of five to seven commissioners, Burnett County having gone over to the small board in 1923, Rusk in 1928, and Vilas in 1933.

An analysis of the vote in the three populous counties in which the commissioner plan lost shows a marked rural-urban cleavage. In Dane County, for example, outside the city of Madison and three adjacent suburban governmental units, only two rural towns voted in favor of discarding a board of eighty-one for one of nine members. Such arguments as that a small board elected by equal population districts would give more equitable representation to all parts of the county, be more responsive to public opinion, and operate with greater dispatch and efficiency, could not avail against the active opposition of the county political machine and the entire village press. In Eau Claire County every local unit recorded a majority against the small board, although in the city of Eau Claire the majority was decidedly less than in rural areas.

The slight progress realized under this permissive legislation in Wisconsin over a period of thirteen years is evidence of how slow and difficult county government reform is likely to be if it depends entirely upon local initiative.

Walter R. Sharp

University of Wisconsin

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Wisconsin—Consolidation in Milwaukee County Being Studied.—The joint committee on consolidation in Milwaukee County (Wisconsin), through six sub-committees, has been studying the following variety of subjects: legal problems in the consolidation of governmental units, involving constitutional amendments; general government, including legislative, executive and judicial; protection to persons and property, including fire, police, inspection services and registration of deeds and mortgages; conservation of health, charities, hospitals, and corrective institutions; sanitary engineering and highways; and education and recreation.

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Virginia—Supreme Court Clears the Way for Induction of County Managers.—County office holders in Virginia have put up the biggest opposition to the new forms of county government. They have carried their last ditch fight to the courts. In September, 1933, the electors of Henrico County adopted the county manager form of government. In November members of a new board of supervisors were elected from the county at large and were to take office the following January and install the new form of government. The old board elected from districts for a four-year term refused to vacate their offices, asserting their right to serve out their terms and to elect the new county manager. On a bill to enjoin the case went to the trial court which, to the dismay of those interested in the new county government having an auspicious start, held in favor of the old board. The case was carried to the supreme court of appeals (Lipscomb v. Nuckols, 172 S. E. 886) where the decision was in favor of the newly elected board qualifying the following year, as provided by the act, and then establishing the new form of government. The court held that the amended section to the Virginia constitution which enabled the general assembly to provide for new forms of county government to become effective when adopted by majority of county voters includes the power to abolish old forms of government and offices, which incidentally might result in ousting officers before the expiration of their terms.

Albemarle County voters adopted the county executive form of government in May 1933. A new board of supervisors, elected in November of the same year, took office in January 1934 and appointed H. A. Haden to the offices of county executive and director of finance. G. S. Hamm, the county treasurer under the old form of government, refused to vacate his office in favor of Haden, holding that the legislative act which abolished his office before the expiration of his term was contrary to the Virginia constitution. Haden filed mandamus proceedings to compel Hamm to turn over all the books and other insignia of his office. The supreme court of appeals (Haden v. Hamm, 172 S. E. 891) awarded the mandamus on authority of Lipscomb v. Nuckols, supra.

James E. Pate

William and Mary College

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South Carolina—Actions of the Legislature.— The eightieth general assembly of South Carolina adjourned April 14, after a session of ninety-six days. While no important bills were passed which directly affect county government, several were passed which affect rural life and rural taxpayers and indirectly involve county government. Important measures passed include:

A fifty per cent reduction in the cost of automobile license tags

Limiting the state highway bond issue for a period of five years

Authorization of the $34,000,000 Santee-Cooper hydro-electric and navigation development under state sponsorship with PWA funds

Enactment of a $6,948,000 general appropriation bill, an increase of approximately $1,500,000 over that of 1933

Lowering the legal interest rate from 7 to 6 per cent

Authorizing state courts to suspend mortgage foreclosures generally during the "economic emergency"

Approval of the enforcement of NRA codes by state courts

Fixing the maximum penalty for kidnapping at death, and for possessing a machine gun at fifteen years in the state prison

Raising the salaries of public school teachers 10 per cent.

George R. Sherrill

Clemson College

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North Carolina—Survey in Fifteen Tennessee Valley Counties.—The School of Public Administration of the University of North Carolina has recently completed a study of county government and public administration generally in the fifteen mountain counties of North Carolina embraced within the Tennessee Valley. The study was made for the Tennessee Valley Authority and the field investigations were directed by Columbus Andrews.

The fifteen counties have an aggregate area of 5,996 square miles and range in size from 213 to 682 square miles. Lying wholly or partly within these counties there are six national forests, part of the Great Smoky National Park, and several Indian reservations. Hence the present taxable area is only 5,049 square miles. Nearly three-fifths of one county—Swain—is already publicly owned, with additional areas approved for purchase. With the rounding out of the national forests two other counties will not only lose heavily in taxable area but will be almost severed from the rest of the state. The fifteen counties vary in assessed value from less than two million dollars to nearly eighty million, and their current tax rates range from 45 cents per hundred dollars to $1.92. This is exclusive of levies for schools and school debts. County indebtedness per capita ranges from $31.58 to $254.99. All except three of the counties have defaulted. Public services vary greatly in quality but are generally far from adequate.

The study included a comparative analysis of county expenditures for the last five years, the expenditures being classified into six categories—general government, finance and records, courts and law enforcement, public health, public welfare, and debt service. The counties showed a wide variation in every item even when the expenditures were reduced to a per capita basis. Debt service, in spite of defaults, accounted last year for over 50 per cent of the total expenditures in nine of the fifteen counties and 49 per cent in two others.

The omission of roads and schools from the list of functions is due to the fact that these functions are now state functions in North Carolina. The localities are still required to provide school buildings and to liquidate existing school debt, but these are largely district rather than county obligations. Were these levies included the percentage of the total tax bill required for debt service would be even greater than indicated above.

The surveyors made no definite recommendations to the Tennessee Valley Authority but suggested several possible courses of development. These include: (1) federal administration and support of all necessary public services within the areas owned by the federal government; (2) either the consolidation of the territory outside the federal areas into not more than six counties or the transfer of the few remaining county functions to the state, supported if necessary by a state property tax; (3) the incorporation of the more densely settled areas, frequently by extending the boundaries of existing villages to embrace the tributary trade area, in order that the inhabitants may tax themselves to provide fire protection, water and sewer systems, lighting systems, walks and roads, playgrounds and parks, libraries, and additional school facilities.

Paul W. Wager

University of North Carolina

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Texas—County Home Rule Election in El Paso County.—The movement for county home rule in Texas has just received its first blow. The charter submitted to the voters of El Paso County was defeated at the polls on May 12. The county home rule constitutional amendment provides that the vote to approve a charter shall be taken for the incorporated cities and towns and for the rural districts separately. The city of El Paso approved the charter by a vote of 3,389 to 2,086; the rural sections defeated it by 1,609 to 761. Thus, the charter was defeated, although the vote for it was 4,150 while that against was only 3,695, because of the opposition of the rural communities.

The charter, drafted after months of labor and made public weeks before, received little or no organized support until the latter part of April, when a citizens' committee of one hundred was named to carry its fight to the people. The campaign was conducted with good humor, apparently, with the familiar claims of increased responsibility, potential economy, removal of patronage, and rationalization of governmental machinery made for the charter, and the equally familiar charges of Toryism, potential boss control, irresponsibility, and city domination of the rural districts lodged against it.

Meanwhile, at least half a dozen other counties have watched the El Paso movement with interest. Charter drafting commissions have been named in Bexar and Travis, though little of a tangible character has been accomplished in either. The charter movement remains in its embryonic stages in Galveston and McLennan Counties; it appears to be definitely dead in Harris; and it is quiescent in Dallas and Tarrant. The truth appears to be that more than one of these were merely waiting to see what happened in El Paso. The outcome of that county's election may well be quite influential in determining the future course of the county charter movement.

Roscoe C. Martin
University of Texas

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California—Proposed County Consolidation.—A great deal of attention is being given at present to proposals for a general consolidation of California counties. During the 1933 session the legislature considered a proposed constitutional amendment designed to facilitate county consolidation. This resolution, while adopted by the urban assembly, was defeated by the rural senate. The author of the resolution was quoted in the *American County* for May 1933 as favoring a reduction in the number of counties from the present fifty-eight to twenty-seven. The consolidation was apparently proposed as an economy measure, its sponsor stating that a county of less than 50,000 population could not be governed economically.

But the greatest impetus toward the discussion of consolidation has come from a proposal made by the director of the department of finance. The director, the governor's principal aid in the administration of the affairs of the state, has renewed his ten-year-old plea for a "sound regional organization" of the entire state.

In brief, this plan, so its author affirms, is designed to so wipe out duplication of effort that the taxpayers of the counties will save annually between twenty-five and fifty million dollars. Fifty-eight counties with fifty-eight sets of officials, he maintains, while possibly defensible at one time, now demand modification.

A result of the discussion following this proposal has been the presentation of yet another plan. The *San Francisco Examiner* has suggested that an even more drastic consolidation be undertaken. This newspaper has advised and is urging that the entire state be divided into five huge counties.

The Director envisages annual savings of many millions of dollars if his plan is adopted. A recent study of county expenditures in California indicates a tremendous waste in the rural counties with a very small population: Alpine County with a per capita cost for general government of $45.19, to cite by far the worst example, as against Alameda (Oakland) with a per capita cost of $2.57, the lowest in the state.[1] But this investigator discovered that the savings in the various county activities made possible by consolidation was evident only in the case of the counties with a very small population, under existing organization; that a county unit of approximately 50,000 "is reasonably close to the optimum with respect to the number of people served."[2] Economies of not more than one million dollars seemed to him possible by consolidation.

Charles Aiken
University of California

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Kentucky—One of County Economy Bills Invalid.—It now appears that one of the five bills which passed the legislature this year will be ruled ineffective if it is attacked in court because the enacting clause is missing from the enrolled copy of the bill, although it appears in the printed copy. This bill is the measure providing for the consolidation of the office of jailer with that of sheriff and represents 12 per cent of the total estimated savings of the county reorganization program passed at the regular session. The bill has been reintroduced at the special legislative session now meeting.

George T. Humes, Secretary
Kentucky Tax Reduction Association

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[1] San Francisco was excluded from the computation as it is a combined city and county.

[2] Galbraith, J. K., *California County Expenditures. An analysis of the Trends and Variations in Expenditure Between Counties for County Services and Functions.* To be published during the summer of 1934 by the Giannini Foundation.

Montana—Gallatin County Seeks Manager Plan.—Petitions are now being circulated in Gallatin County, Montana, to place on the ballot at the general primary election on July 17 a proposal to adopt the county manager form of government. Twenty per cent of the registered voters who voted at the last general election are required to sign the petition in order to have it come before the people for approval or rejection. There were 7,409 people in Gallatin County who voted at the last general election, so 1,482 people must sign the petition. In spite of the fact that the petition has been circulating for but a short time, the signatures of the required 1,482 voters seem assured. The campaign in behalf of the proposal is being led by the Gallatin County Farm Bureau.

The petition for adopting a county manager form of government must set forth the date upon which the new form of government shall go into effect. The petition being circulated in Gallatin County fixes this date as of January 7, 1935.

Gallatin County is one of the largest counties of the state and Bozeman, its county seat, is the only city in the state operating under the city manager form of government. The successful operation of the manager plan in Bozeman is largely responsible for the interest evidenced by the voters of Gallatin County to adopt a similar form of government.

R. R. Renne

Montana State College

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Tax Delinquency in Nineteen States. Preliminary tabulations of current tax delinquency, listing state and local tax collections by counties for nineteen states, just released by the Bureau of the Census, Division of Real Estate Taxation, show delinquencies ranging from 4.20 per cent of the total combined state and local levies in Massachusetts to 44 per cent in Oregon. The tabulations are part of a nation-wide survey of tax delinquency, tax legislation, and collection procedure, being made by the Bureau as CWA Project F-40. Lent D. Upson, of the Detroit Bureau of Governmental Research, is director of the survey.

Data cover the delinquency on the tax rolls preceding the tax levy in process of collection on January 1, 1933, and have been assembled from reports of state tax and auditing officials, examination of tax collection records by field agents of the Bureau of the Census and of the Bureau of Agricultural Economics, questionnaires to local officials by the Bureau of the Census, and tabulations by taxpayers' and other civic organizations. Though the preliminary material is not strictly comparable as between states and often as between counties within the same state (because of variations in collection periods, of penalties and their enforcement, and in the number of months between date of delinquency and report) the final results of the survey will be comparable in every respect.

The compilations cover real and personal property taxes, excluding special assessments, for state, county, and localities, except as otherwise noted, for the fiscal year ending as of June 30, 1933, except in the case of Massachusetts, data for which are as of the fiscal year ending June 30, 1932. A summary of the preliminary releases of the Bureau of the Census will be found on page 329.

In general, variations in the amount of delinquency in areas within the state correspond roughly to what might be expected from the combined state and local delinquency rate, though there are instances of high delinquency in states with a fairly satisfactory combined rate, and vice versa. The extremes are to be found in Lake County, Indiana, with a delinquency of 96.0 per cent, and in Nantucket County, Massachusetts, with a delinquency of but .02 per cent. Michigan (with a state and local combined delinquency rate of 40.72 per cent) has in Macomb County, delinquency 92.29 per cent, a close runner-up for the high county already noted. Local delinquencies in excess of 25 per cent are very common, while fifty-five counties in the nineteen states have delinquencies in excess of 50 per cent of the levy. These occur: one in California, two each in Georgia and Montana, three in Indiana, four in Colorado, six in Missouri, eight each in Michigan and Minnesota, nine in Nebraska, and eighteen in Oregon. In Massachusetts only one county has a combined delinquency in excess of ten per cent—Hampshire County with 10.72 per cent.

Though the preliminary releases under discussion make no attempt to correlate the data or assign causes to the variations in delinquency rates, it is interesting to note possible contributing factors on the basis of other material available. Thus previous warnings of increasing tax delinquency in the cut-over lands in the lake states would seem to be substantiated by the high delinquency rates in some of the Michigan and Minnesota counties. Similar considerations of land usage might apply to some of the other states, including Oregon, though in this state legislation has also had the effect of impeding collections. Two of the four states with combined state and local delinquency rates less than ten per cent—Nevada and Wyoming—are mountainous and relatively undeveloped, while two—Louisiana and Massachusetts—are relatively densely populated and may be presumed to have had marginal lands pretty well weeded off the tax rolls during their longer histories. However, speculation on these and similar points will be rendered largely unnecessary when the final analysis of

GENERAL PROPERTY TAX DELINQUENCY

Compiled as of fiscal year ending June 30, 1933

STATE	ASSESSED VALUATION	DELINQUENCY AMOUNT	DELINQUENCY PER CENT
Arizona	$ 473,342,415	$ 4,495,132	23.89
California[1]	8,487,707,646	18,139,359	12.88
Colorado[2]	1,284,257,098	7,140,133	17.85
Georgia[3]	714,868,738	456,941	13.
Indiana	3,994,597,946	32,709,585	30.
Louisiana[4]	1,509,769,535	3,353,248	7.16
Massachusetts[5]	7,178,219,120	9,363,223	4.20
Michigan	5,499,441,172	88,198,381	40.72
Minnesota[6]	1,635,748,220	23,309,335	21.54
Missouri[7]	3,990,668,246	20,136,348	24.
Montana[8]	308,125,954	4,259,185	20.
Nebraska[9]	2,374,153,738	11,777,200	24.97
Nevada	199,023,587	375,431	8.04
New Hampshire[5]	586,408,329	2,719,663	16.91
Ohio[10]	10,032,442,002	50,525,635	25.
Oregon	852,668,197	18,380,000	44.
Rhode Island	1,382,189,159	4,972,569	17.5
Washington	1,054,281,337	19,680,732	29.61
Wyoming[11]	307,313,714	608,959	7.5

(Data from preliminary releases of Bureau of the Census.)

1. County and school levies only, except for combined city-county levy of San Francisco.
2. Does not include municipal taxes.
3. State tax only. However, state and local taxes must be paid together, so the delinquency rate would be the same for both.
4. Does not include municipal taxes except for New Orleans.
5. No county tax levy in Massachusetts, New Hampshire.
6. Includes special assessments.
7. Excludes municipalities except Kansas City, Springfield, St. Joseph, and St. Louis. Returns from 101 out of 114 counties, with 95.5% of total valuation for tax purposes and 97% of the state aggregate of tax levies for year.
8. Returns from 49 out of 56 counties, with 82.1% of total valuation for tax purposes and 81.2% of state aggregate of tax levies for year.
9. Returns from 81 out of 88 counties, with 94.18% of valuation for tax purposes, and 95.12% of the state aggregate of tax levies for the year.
10. Accumulated delinquency over five year period, including 10% penalty, on real estate tax alone.
11. Returns from 17 out of 23 counties, with 86.7% of the total valuation for tax purposes and 86.8% of the state aggregate of tax levies for year.

the completed survey becomes available within the next thirty or sixty days.

It is pertinent to consider, however, in relation to the amounts of delinquent taxes outstanding both in these nineteen states and in the others, the extent to which the revenues represented will eventually prove collectible. Colorado, Minnesota, and Washington each passed during 1933 measures compromising the principal of delinquent taxes, while Colorado, Indiana, Michigan, Minnesota, Missouri, Nevada, Ohio, Oregon, and Washington reduced or remitted penalties on delinquent taxes. Compromising the principal will obviously reduce the amounts receivable, while, as has been pointed out here before, remitting penalties has often had the effect of delaying payment not only of the delinquent taxes but of current levies as well. In so far as combined state and local delinquency rates serve as an index, some of these states are shown to be in a fairly satisfactory position to weather tax collection eventualities; others on the basis of the preliminary data are confronted with problems requiring time and much work for their solution.

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New York City Finances Steadily Improve.—The strengthened financial position of New York City under the economy measures of the LaGuardia administration was satisfactorily demonstrated during the week of May 14 by two moves—one when the banking syndicate handling city loans agreed to a reduction in the interest rate from 4 to 3 per cent on borrowings in anticipation of taxes, the other when the Public Works Administration finally granted $37,500,000 for works projects by the city, approval for which has been withheld pending the balancing of the city's budget.

Improvement in tax collections is also substantial, receipts for the first half year's taxes having been $174,796,585, as against $154,698,008 last year, though the due date was a month earlier this year. Though the gain may be due in part to prepayment of taxes by many of the larger taxpayers to take advantage of discounts, the increased receipts are encouraging as at least indicative of improved conditions, economically as well as politically. On May 16 approval was finally given by the board of aldermen to the mayor's business tax measure, imposing a tax of one-twentieth of one per cent on general business gross receipts, and a tax of one-tenth of one per cent on the gross receipts of brokers and similar financial enterprises. A utilities tax is still pending. These measures, with economies already made and retrenchments to come, are expected to balance the budget beyond the shadow of a doubt.

It is interesting to note that Chicago and Detroit, faced with financial problems differing in detail but in many aspects even more serious than those of New York City, have both effected substantial improvements during the month also. Detroit completed and the city council approved plans for refunding $346,789,170 of city bonds and short-term notes over a thirty-year period, while Chicago secured further reductions in interest rates on floating debt and voted by referendum to consolidate its park districts at an estimated annual savings of $1,500,000.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

P. R. to the Fore in New York.—Governor Lehman signed the New York City charter revision bill on May 21 and on May 25 the Commission met to organize at the call of its chairman, Alfred E. Smith.

In the interval between the passage of the bill and its signing, civic organizations started active work to formulate their views on charter revision and to strengthen the hands of the more forward-looking members of the commission by public support.

On May 14 the Civic Conference of New York City,[1] with twenty of the most important city and borough-wide civic federations and organizations represented at the meeting, voted overwhelmingly to recommend the following bold program to its constituent groups:

A single-house council in place of the board of estimate and apportionment and the board of aldermen; election of the council by proportional representation (borough-wide districts and a fixed quota recommended); a nonpartisan ballot; a two- or four-year term for council; a borough council for each borough

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[1] This conference is a full-fledged "citizens' council," with official delegates from twenty-seven organizations, devoted for the time being to the problems of charter revision.

(replacing the present local boards) to be composed of the borough members of the city council, with special provision as to Richmond; a borough president to be chosen by each borough council as its presiding officer, without administrative duties; centralized control of all city functions, with offices in each borough for all functions in which public convenience would be served by local contacts; a city manager appointed by the council as the administrative head of the city; the chairman of the council to be appointed by the council and to have the title of mayor; the comptroller to be appointed by the council; the comptroller's duties to be limited to audit and control of the city's finances; the manager to appoint and remove department heads; the manager to present the annual budget to the council; manager and comptroller to attend meetings of the council with voice but no vote; drastic reduction of the number of departments, boards, and bureaus through functional consolidations; drastic curtailment of the number of exempt positions; a short charter of fundamental principles, details to be relegated to an administrative code to be developed later.

The P. R. plank of this program was adopted unanimously, the manager plank by twenty-five votes to three.

The Citizens Union has brought Walter J. Millard from Cincinnati to address civic groups over a period of five weeks in support of this program, which it has officially adopted.

The chances of securing a vote on P. R. are considered good because of the fact that the charter revision commission act specifically authorizes the commission to submit that question separately from the rest of the charter, as suggested by Mayor LaGuardia.

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Candidates Questioned in Pennsylvania Primaries.[2]—Six of the candidates for governor and approximately four hundred of the candidates for the legislature, including twenty-four of the present members, have indicated their support of legislation to make the manager plan of government and proportional representation optional for Pennsylvania municipalities. The statements were made in reply to a questionnaire sent out to all such candidates by the Municipal Charter Committee of Pennsylvania (Dr. J. Horace McFarland, Harrisburg, chairman), which has actively supported such legislation before the last two regular sessions of the legislature.

A very few of the replies received were noncommittal. Only one was hostile. Most of the legislative candidates signed the statement: "I am in favor of allowing Pennsylvania municipalities to adopt the manager plan and proportional representation by popular vote if they wish to do so and should expect if elected to support properly drafted legislation for that purpose."

Bills of this kind were actively supported at the last regular session by an impressive array of statewide and local organizations and by prominent legislative leaders in both major parties, but were kept in committee by the efforts of the Republican machines of Pittsburgh and Philadelphia. The present questionnaire was sent out in preparation for their re-introduction. The plans which they propose to make optional are used in Cincinnati and elsewhere and recommended in the model city charter of the National Municipal League.

The following are extracts from some of the replies from candidates for governor:

Eugene C. Bonniwell, Philadelphia: "I shall be very happy indeed to do whatever I can to further the cause with respect to the matter you have written me about."

Benjamin G. Eynon, Scranton: "I have always been in favor of home rule . . . I have felt for a long time that there should be some change in our form of municipal government."

Lieutenant-Governor *Edward C. Shannon,* Columbia: "Inasmuch as your program does not meddle with municipal government, but merely removes a possible restriction upon the wishes of its people, I believe that we are in accord. This being the case, you may be assured of my hearty coöperation."

John A. McSparran, State Secretary of Agriculture, Lancaster: "I favor the municipal plan and proportional representation as being entirely worthy of being carefully tried out."

Attorney-General William A. Schnader and former ambassador to Austria, George H. Earle, who won the Republican and Democratic nominations respectively, are both expected to support the program, though neither replied to the letter.

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[2] Most of this article was sent by the Municipal Charter Committee of Pennsylvania as a news release just before the primaries of May 15 to every newspaper in the state.

"Cincinnati Quits Burlesque."—Under this title *Collier's* for May 26 carried a very readable and accurate account by John T. Flynn of the experience of Cincinnati with its P. R.—manager government. The article gives P. R. a large share of the credit and concludes:

"No citizen of any American city, no leader of public thought in any American city, can afford to be ignorant of what Cincinnati has done for herself. No matter how busted any city or village is, it ought to make, as its first expenditure, an appropriation for an expedition of citizens to this Ohio city to see for themselves and at first hand the achievements of the first reform administration in American political history which has been able to last through five city elections."

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Akron Bureau of Municipal Research.—During the past four months, the Bureau has been working on four major assignments. At the request of Senator Carl Sheppard of Akron, the Bureau director drafted a bill to provide for the billing and collection of real estate and utility taxes and assessments monthly for ten months a year. The plan provided for the collection of taxes delinquent prior to this year, over a period of five years. It involved adding the 10 per cent penalty to the net tax bill before the monthly collection period commenced and for the remitting of the appropriate fraction of this penalty with each monthly installment paid on time. The bill was written into a senate tax collection bill, which amended many of the same sections of the code, passed the senate, and was in the hands of the house taxation committee when the governor prorogued the legislature.

The Bureau director was loaned for a month to the office of the state engineer of the Federal Emergency Public Works Administration to make financial studies and reports.

The Bureau has under way a study of the fundamental factors relative to available sources of industrial water supply. During the drouth of the early spring, the director was able to suggest a method by which coöperation between the city water department and the industries provided temporarily against shut-downs due to lack of industrial water.

The director has been loaned to the governor's commission which is studying the appropriate changes to be made in Ohio statutes in view of the adoption of the county home rule amendment to the constitution.

Minor jobs, such as checking estimates of tax income for the municipal university, bonded debt charges for city and for schools for next year's budget, have been a part of recent routine.

H. G. McGee

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Institute for Public Service.—When New York bankers appointed an advisory committee to show how cities in Westchester County could restore their credit by cutting budgets, reducing delinquencies, and raising tax rates, the Mount Vernon Teachers' Association started asking: "How will the proposed economies and efficiencies affect our schools? How can we be sure that the bankers' committee will diagnose our troubles correctly, and that the medicine prescribed by this committee is as palatable as possible in view of the circumstances?" These questionings led the Association to retain the Institute for Public Service in a consulting capacity.

The Institute conducted a survey to determine whether there was any considerable amount of under-assessment. It soon brought to light the fact that assessments were seriously inequitable, and instead of approximating 80 per cent of full value (the county equalization rate) many properties (to judge from sales during 1933 and other comparisons) were assessed at from 35 to 60 per cent of full value. The local paper printed the report in sections, including sixteen stories on tax doles.

The Institute also presented evidence of economies already made in the city government and schools of Mount Vernon, the salary reductions city employees and teachers had taken, and the increments withheld, with comparisons of neighboring cities.

During March, the Teachers' Association voted unanimously to extend its agreement with the Institute so that this work could go on and a solid foundation for future preparedness in dealing with attacks upon school support developed.

William H. Allen

Toronto Bureau of Municipal Research.—During April the Bureau presented to the public its twentieth annual report which briefly recounts the achievements of the Bureau during its twenty years of finding the facts about local government, setting forth and interpreting these facts to the citizens and making constructive suggestions and recommendations. While great improvements have been made in certain phases of municipal administration the Bureau points out that much remains to be done. During the past year the Bureau devoted a great deal of attention to the financial difficulties of the city in an endeavor to secure a balanced budget and a realization of the need for economy and retrenchment.

Recently there has been a revival of interest in the proposal to centralize purchasing for the city, a policy which has been consistently advocated by the Bureau for many years.

The reduction in size of the city council from thirty-one to twenty-three, receives favorable notice in the report, but the Bureau points out that the one-year term is much too short, and that election by wards is less satisfactory than would be election at large.

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Cincinnati Bureau of Governmental Research.—After a study of the accounting systems in use at the general hospital, tuberculosis sanitarium, and county home, the Bureau has issued a report making certain general recommendations and proposing extensive changes in the system of cost and expense accounting now employed.

An important feature of the proposed system is the establishment of "cost centers". Each cost center will be an administrative department or sub-department under the charge of a single head. The expenses accumulated in each cost center will therefore reflect the operations of a single administrative unit, the responsibility for which is definitely fixed. Each month a cost control report will be made up for every cost center. The reports will be cumulative throughout the year so that month to month comparisons can be made. The proposed system would also make use of the facilities of the central accounting offices of the city and county to a greater extent than they are used at the present time by the city and county institutions.

A report setting forth the total cost of local government to the citizens of Cincinnati, during the past twelve years (1921 to 1932, inclusive) has recently been submitted to the Committee on Coördination and Coöperation in Hamilton County which requested the study. Three previous reports analyzed the fiscal affairs of the city, the school district, and the county. The more recent report brings together the data therein presented and with intergovernmental transfers and payments eliminated, the receipts and expenditures for the twelve-year period as set forth in tabular form. Then tables are presented showing per capita receipts and expenditures, and receipts and expenditures per $1000 property valuation.

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Tax Supervising and Conservation Commission of Multnomah County (Portland, Oregon).—The annual report of the Commission, entitled "Budget Facts and Financial Statistics of Multnomah County," covering work done during 1933, has just been published. This report contains the 1934 budgets of all of the seventy tax-levying bodies operating within the county, all of which are under the jurisdiction of the Commission. The Commission is composed of three citizens of the county, appointed by the Governor of Oregon. All tax-levying bodies are required by law to submit their budgets to the Commission which has the authority to approve, reject, or reduce any item or items. The Commission has a staff of three full-time employees which carries on a continuous program of investigation and research and provides the Commission with a sound factual basis for its decisions. R. C. Flanders is the executive secretary.

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California Taxpayers Association.—During the past year the Association completed a survey of all departments of government of Alameda County, including the school districts of that county. An outstanding feature of this survey was the complete personnel study, involving some 3,000 employees. This is the most complete county government survey that has been made by the Association.

Other important studies of the year were: a personnel survey of the Ventura County employees coming under the provisions of the Ventura County government act; a budget study made at the request of the Santa Ana city council, to effect a 20 per cent reduction in the city's 1933-34 budget; a study of the organization and methods of the welfare department and county juvenile home of Santa Barbara County; a series of studies of the finances and administration of the county, the city, and the school districts of Los Angeles.

The Association has taken an active part in the movement now under way for the simplification of local government in Los Angeles County. It has had representation on the Committee on Governmental Simplification and on the executive and technical committees, and it is hoped that within the next year recommendations coming from these committees will be put into operation to the benefit of the taxpayers of the city and county of Los Angeles.

After careful analysis of the problem of county government and county charters in California, the Association drafted a model county charter based on state law and the practical administration of county affairs. This charter, with minor modifications to fit local needs, can be used in practically any California county.

Considerable work has been done by the Association on population estimates. Improved methods of calculating inter-censal populations have been effected; a careful estimate of the population of the state from 1910 to 1933 has been completed, as well as the population of each county in the state for each year from 1920 to 1933. These figures, which for the first time in the history of the state are available in reliable form, will prove of the utmost value in all future work of the Association, particularly in forecasting costs of government and revenue receipts.

The most important projects under way at the present time are: a system of uniform accounting and budgeting for California schools, a continuing study of state finances, budget studies in Los Angeles County, Los Angeles City, and the Los Angeles city-school district, a study and report on the Pasadena city library, a study of the effects of federal and state loans on the finances of local governmental units in California, and a study of certain phases of state highway income and expenditure.

L. D. GIFFORD

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Portland Chamber of Commerce.—The Governmental Research Division of the Chamber's Research Committee is engaged in an exhaustive study of the present debt and tax structure of every governmental unit in Oregon, as well as the problems of governmental costs and efficiency as they affect these units. The study was undertaken at the request of the Chamber of Commerce that authentic, factual data be compiled upon which to base an equitable tax system.

Added importance has been given to this study by the action of the Portland Realty Board, which is seeking, through an initiative amendment to the constitution, the reduction of the millage rate as applied to real property to 20 mills with a gradual further reduction to 15 mills. This amendment, if adopted, will force a reorganization of the state tax system within one year after its adoption. Legislation for this purpose must be enacted at the next regular session beginning January 1, 1935.

*

Pennsylvania Economic Council.—This organization was incorporated in 1932 for state-wide research into the field of governmental costs throughout Pennsylvania. Since the beginning of the current year it has been expanding its organization and entering actively upon the three-year program launched at that time. The program of research outlined includes the collection and analysis of data regarding the finances and administration of the state and its counties, townships, cities, boroughs, school districts, and poor districts. These facts are being collected for use as the basis for a sane program of tax reduction throughout the state. They are being compiled in such form as will admit of comparisons between the conditions and transactions of each unit over a period of years and between those of such units as are similarly situated as to population or other conditions.

Within Pennsylvania there are 5,633 local governmental units, comprising 67 counties, 1,573 townships, 47 cities, 938 boroughs, 2,584 school districts, and 424 poor districts. Of these only the townships, school districts, and poor districts are required to file uniform financial reports, so that in counties, cities, and boroughs particularly wide variations in accounting and reporting practice are encountered. In order to put the totals representing their financial status on a comparable basis, the data from their financial reports must be rearranged according to the uniform schedules used by the Council.

Such comparisons will serve to direct attention to the presence of abnormal conditions which indicate profitable fields for further study. They will also serve as a step toward the determination of fair costs for each governmental service under varying local conditions—an ultimate objective of the Economic Council.

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Tennessee Valley Authority.—Various sections and divisions of the Tennessee Valley Authority are carrying on programs of governmental research. For example, the Social Studies Section, through the compilation of basic data project, having as its Director Dr. Floyd W. Reeves and its Executive Secretary T. Levron Howard, has gathered and analyzed detailed information in the fields of government, sociology, economics, and education.

Detailed studies have been made throughout the Tennessee Valley area with respect to local governmental structure and figures on the basic items such as assessed valuations, tax rates, tax collection trends and tax delinquency, bonded indebtedness, functional expenditures, etc., have been secured.

The compilation of basic data project was made possible through the coöperation of the Civil Works Administration and the Tennessee Valley Authority. Funds were provided through the Civil Works Administration and allotted through the Tennessee Valley Authority to various individuals and agencies qualified to carry out the research program. Representatives from universities and other public agencies throughout the area were summoned and gave freely of their time in developing projects which would be valuable in making any plans for a new social and economic order within the area.

Through the coöperation of these universities and agencies, the services of the directors were given at no cost to the project, but the workers were selected from the unemployed rolls and paid through funds provided by the Civil Works Administration.

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Tennessee Taxpayers Association.—In coöperation with county officials and the Hamilton County Taxpayers League, the Association conducted during February, March, and April of 1934, a survey of the management and finances of the county in which the city of Chattanooga is situated. The report of this survey, a one-hundred-and-fifty-page document, was submitted to the county board April 16. The report includes a comprehensive description of each county office, its organization and work, the cost of maintaining the office, and the services it renders. General recommendations for improving the administrative machinery and specific recommendations for effecting economies and retrenchments are made. It is estimated that if the recommendations of the report are carried out, county expenditures would be reduced approximately $270,000, or about ten per cent of the total.

Eugene L. Pearson of the Association's staff was in charge of the field work of the Hamilton County survey. During 1933, the Association completed similar reports for five counties of the state. During the first four months of 1934, field work was completed in ten additional counties and work is now in progress in three other counties.

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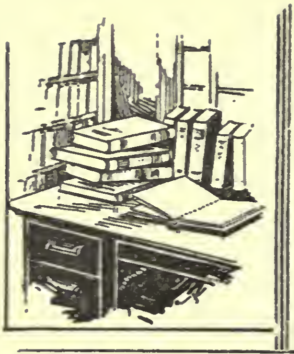
Pennsylvania State Chamber of Commerce.—Through various study committees the State Chamber is analyzing the proposals for meeting the economic depression and the unemployment situation, which will be brought before the legislature at its next session in 1935. These studies will furnish necessary information regarding major state questions and provide a sound foundation for the conclusions which the members of the Chamber will reach when measures are presented to them for their consideration and vote.

Certain proposals, which have been gaining strength and momentum in recent sessions of the legislature, that affect different lines of business and the economic life and future welfare of the state, present vital questions for the prompt study and early action of the Chamber. The following are some of the matters now being studied: state taxation, state government expenses, school administration and finance, state aid for highways and streets, workmen's compensation, unemployment reserves or insurance, minimum wage and maximum hours of labor, federal manufacturers sales tax, pensions, health insurance, care of injured and maimed, public utilities, coal and mining, banks and banking, the corporation code, crime reduction and public safety, and NRA codes.



RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Permanent Prosperity and How to Get It. By John Bauer and Nathaniel Gold. New York, Harper and Brothers, 1934. 253 pp. $2.75.

In this interesting and well written book, addressed primarily to the general public, Messrs. Bauer and Gold propose a plan which they believe, on account of their long experience with public control of business, will remove economic insecurity, i.e., will provide continuity of employment and stability in industry. Recognizing the lack of "natural" harmony between private business and stable economy, the authors express sympathy with the recovery efforts, but state that a more far-reaching policy must be given effect.

Their plan has two main features: one is the familiar program of public works; the other is the much more radical proposal of government ownership and control of the banking system. Going further than the usual advocate of public works, the authors hold that the physical part of their plan cannot be made effective without financial coördination and that the latter can never be secured as long as banking is conducted with the private profit motive uppermost. The scheme is set forth in six chapters and an appendix. Chapters one and two are introductory in nature; they summarize the proposals and indicate the normality of instability. Chapter three outlines their public works program. The authors here list numerous useful projects and demonstrate to their satisfaction that if the federal government will prosecute such works so as to absorb the unemployed and take up the slack in business, it will be possible to maintain full and constant employment and at the same time secure more, not less production. Given a financial system controlled in the public interest, private and public business can be made to stabilize each other. Chapter four develops the financial aspects. Banking is to be gradually nationalized so as to make feasible effective credit control, and there is to be substituted for the gold standard a managed paper currency. The cost of the public works is to be met primarily through the issuance of new money. Accepting the quantity theory of money, the authors believe that with reliable index numbers the plan can be made to work. Political and other difficulties are mentioned, but it is thought that they can be overcome. Chapter five treats briefly, perhaps too briefly, the international ramifications of the scheme. The writers recognize certain problems in this connection, but hold that since international planning is virtually impossible the United States can and should go ahead with its own plans. Chapter six deals in a few pages with collateral questions, and the appendix goes into the constitutionality of the proposed measures.

The book will undoubtedly take its place as one of the more considered, semi-popular discussions of the problems of recovery, but the reviewer believes that its value would have been greatly enhanced had the authors gone more thoroughly into the limitations of their plan. They are perhaps to be excused on this score, however, in view of the public's lack of acquaintance with technical economic problems.

TRUMAN C. BIGHAM

University of Florida

The Automobile Compensation Plan. By Patterson H. French. New York, Columbia University Press, 1933. 262 pp. $3.50.

For several years through the multiplication of sad experiences the fact that our present legal methods of distributing the loss due to automobile accidents is archaic and unjust has been gradually brought home to the general public.[1] The question of the legislation required to correct the evils of the present system has been the subject of numerous articles and reports. The most valuable of the studies upon this subject is that issued in 1932 by the Columbia University Council for Research in the Social Sciences,[2] advocating the substitution of a plan for compulsory compensation similar to that set up by our workmen's compensation laws. Such a plan looks to the elimination of fault as the basis of liability and provides for definite rates of compensation in all cases of automobile accidents, to be enforced by compulsory insurance of owners of such vehicles and administered by special state tribunals. To the work of this committee Dr. French devoted a great deal of time, both in research and in the formulation of the report. No one probably is better versed in the history of the movement for automobile compensation nor has a better command of the current materials relating thereto than the author of this book.

The volume before us purports to deal primarily with the administrative aspects of the problem. While pointing out the comparative failure of other methods of meeting the evils of the present situation, such as the compulsory insurance laws of Massachusetts and Great Britain, the author mainly concerns himself with an exposition of what the plan of compensation without fault is, its legal and constitutional aspects, and its relation to our present methods of administering justice in this class of cases. While in the preface he disclaims any intent "of proving that the plan is sound or on the other hand of showing that it is unworkable," his treatment proceeds upon the assumption that it is both sound and workable and advances cogent arguments to demonstrate the social need and the practicability of the reform.

Dr. French may be warranted in ignoring the current arguments against the innovation proposed or referring to the reports of various organizations in opposition to the plan.[3] While most of these arguments were earlier urged against workmen's compensation, the more general extension of liability without fault raises new difficulties which will have to be ironed out before the principle can be so radically extended. Weighty evidence has been adduced to show that other corrective measures may possibly cure the most flagrant of the evils of our present system.[4] A critical review of the practical workings of statutes recently enacted in Finland, Sweden, and Norway, putting the plan proposed in operation, would be of great value. The study of the whole question of liability without fault, now being undertaken by Dr. Frederick F. Blachly of the Brookings Institution, will undoubtedly throw additional light on this pressing problem of social injustice. Conservative statesmen may well hesitate to act until we are able to demonstrate a better administration of our workmen's compensation statutes. But with all their defects probably no one today would advocate going back to the old system of liability based on negligence for industrial accidents, and the call for some reform in automobile accident procedure is quite as pressing today as that which brought about the workmen's compensation legislation of a generation ago.

Within the limitations set forth above, the treatment is thorough and the argument convincing. The factual situations that call for corrective legislation are adequately covered and a comprehensive bibliography is included in the appendix. All in all, Dr. French has given us a comprehensive view of the whole subject, and with commendable impartiality. Especially illuminating is the final chapter on the place of the plan in American administrative law. The treatment of this larger aspect of the problem may fairly be rated as a scholarly contribution to the broad subject of administrative organization in America, in which field Goodnow, Freund, and Frankfurter have already blazed the way.

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[1] See article by Professor H. D. Laube on The Social Vice of Accident Indemnity, 80 *University of Pennsylvania Law Review* 189 (1931).

[2] *Report of Committee to Study Compensation for Automobile Accidents,* Philadelphia.

[3] *Report of Committee on Automobile Accident Litigation and the Proposed Compulsory Compensation Plan,* published by the Federation of Bar Associations of Western New York (1933).

[4] *Report of the Commission on the Administration of Justice in New York State* (Albany, 1934).

CHARLES W. TOOKE
New York University

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Report Made to the Special Legislative Committee on Organization and Revenue. By Griffenhagen and Associates. Cheyenne, State of Wyoming, 1933. Two volumes, 903 pp. $2.00.

This report adds further testimony, if that were necessary, to the extent of the waste and inefficiency caused by obsolete and decentralized state and local government, particularly in areas of scattered population. Overlapping of units without regard to similarity of function, overlapping of policy-determining and administrative agencies, and manning of administrative divisions by election without regard to technical or other qualifications present in sum total a picture of government for its own sake. It is shown to be a costly luxury for the Wyoming taxpayer, and one unnecessary for even the wealthiest states. The various plans and alternate plans of reorganization and consolidation are comprehensive and well advised, and wise provision has been made for the adoption of portions of the recommendations of immediate necessity without jeopardizing the longer range job of complete readjustment. It is interesting that the immediate and essential recommendations have been adopted by the special committee in its report to the governor.

WADE S. SMITH

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Chicago Police Problems: An Approach to their Solution. By Bruce Smith. New York, Institute of Public Administration, 1934. 45 pp. Fifty cents.

One of the most interesting features of A. E. Buck's *Administrative Consolidation in State Governments* was the fact that it described the recommendations of various state surveys and continued with a history of what happened after the survey. Learning how the work of the experts actually affected the situation is extremely important to the student of government. Therefore this report is of unusual interest. *Chicago Police Problems,* published in 1931, was the survey report; this is its successor, the story of what has happened since.

Immediately after the survey an extensive reorganization was undertaken. Numerically analyzed, it resulted in the adoption of eighty-five per cent of the survey recommendations. This publication summarizes the improvements made in organization and administration and, in so far as possible, the results of the improvements in better service, greater protection, and decreased costs.

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The Cost of Local Government to the Citizen of Cincinnati. Cincinnati, Cincinnati Bureau of Governmental Research, 1934. 51 pp. mimeo.

The Cincinnati Bureau has recently completed studies on the financial affairs of the units of government in the city—city, school, and county. This report is almost entirely a consolidation of those previous reports, prepared to show the practical effect of these "overlapping areas" on governmental costs. The volume is almost entirely a series of tables and charts giving combined figures for the various items of receipts and expenditure. In addition to the totals, figures are given per capita and per $1000 valuation. The data presented are extremely interesting; special interest, however, arises from the fact that the theoretical separation of the political units has been disregarded, and the actual cost of local government has been stressed.

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The Township Government in the State of Ohio, with Particular Reference to Hamilton County. Cincinnati, Cincinnati Bureau of Governmental Research. 1933. 51 pp. mimeo.

As in other states the historical functions of the townships in Ohio have been gradually reduced to the maintenance of township roads and the administration of certain relief work. The modern tendency is for these functions to be absorbed by the county. It is proposed that when action is taken under the county home rule provisions adopted last fall, the township be eliminated as a unit of government and its work be assigned the better equipped county unit. The report deals briefly with the historical importance of townships and their development to the present time, and describes in detail the organization in Ohio. Particular emphasis is given to township finances and functions, the way in which ese may be absorbed by the counties. Maps, arts, and tables illustrate the text. This is e of the studies prepared for the Committee Coördination and Coöperation in Hamil-n County.

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Sharing Taxes with Local Governments. y Mabel L. Walker. New York, General 'elfare Tax League, 1934. 9 pp. mimeo. wenty-five cents.

Bulletin No. 6 of the General Welfare Tax eague consists almost entirely of a series f tabulations showing the major tax sources hich are shared with local governments by e states. Each of the important taxes of is type—inheritance, income, gasoline, mo-r vehicle, liquor and general sales—is tabu-ted separately by states to show the local overnment which receives the allocation, the ecial fund or purpose to which the alloca-on is made, the proportion shared, and the asis on which the distribution is made. A upplementary table shows in summary form e states which allocate parts of these par-icular taxes to local school purposes.

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Philadelphia Public Schools. By Edwin . Broome. Philadelphia, Board of Public ducation, 1933. 48 pp.

The critics of the extent of expenditures or public education, as well as the supporters o be sure, are frequently unaware of what hose expenditures buy. This exposition of he work of a large city school system, by the uperintendent of Schools of Philadelphia, erves admirably to indicate the organization nd financing, very briefly, and, more fully, he scope and operations of the regular and pecial phases of the work.

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City, School, and County Debt Requirements and Probable Tax Rates, Next Ten Years. Kansas City, Civic Research Institute, 1933, 16 pp. mimeo.

The intricacies of municipal debt statements need offer no difficulties to residents of Kansas City, Missouri, or to others interested in its bonded debt. In simple and concise form the Civic Research Institute has presented the facts on the present debt and future debt charges for the city and its overlapping districts, the county and the school district. Not only are the actual debt service charges listed, but the probable tax rates necessary to meet them. Tables are based on present outstanding indebtedness and on the total should the additional authorized ten-year improvement plan bonds be issued. The increasing debt charges of the city make continued analysis of its position particularly essential.

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Collection of Taxes in Virginia Cities. Municipal Reference Bureau. Richmond, League of Virginia Municipalities, 1933. 4 pp. mimeo. 10 cents.

With many cities finding government employees and other steadily employed citizens delinquent in their taxes, besides those actually unable to pay, attention is turning particularly to collection methods. This brief study shows the methods employed by seventeen Virginia cities. It includes tax collection dates, penalties for delinquency, discounts, and indicates a few recent changes. Unfortunately it does not include percentages of delinquency or any index to guide an interested official in selecting improved methods.

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A Zoning Manual for Wisconsin Cities and Villages. By A. J. Rabuck. Madison, League of Wisconsin Municipalities, 1934. 15 pp. Fifty cents.

This study, published as a supplement to the May number of *The Municipality,* describes zoning in Wisconsin, including its legislative authorization and its judicial sanction, the types of ordinances used and the preparation of an ordinance. An important feature is a skeleton zoning ordinance which may readily be adapted to individual Wisconsin municipalities.

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The Financing of City and Village Government in Wisconsin. Madison, League of Wisconsin Municipalities, 1934. 22 pp. mimeo. Twenty-five cents.

The sub-title of this study—A Survey with Recommendations Presented to the Wisconsin Legislative Interim Committee on Taxation Problems—gives the clue to its contents. The current situation in Wisconsin municipalities is described—municipal functions, expenditures, including mandatory expenditures, debt burden, organization, and revenues. The declining revenues available for municipalities are stressed and the usual suggestions for further local sharing of state-collected taxes are put forth. Numerous quotations from recognized authorities are given.

Literature of the New Deal

A reference list of books on contemporary government

JOHN J. GEORGE
Rutgers University

A SIGNIFICANT characteristic of the Roosevelt regime is manifest in its productivity of literature. The broad scope of governmental policies considered from a situational or topical point of view, the methods employed, and the results already or likely to be realized have brought forth a wide range of analytical and critical expression, reaction, and opinion, to present which is the purpose of the following titles of books and articles. Slight official opinion is included, and technical and professional articles have been excluded from the list.

BOOKS

Our Economic Revolution. By Arthur B. Adams
More Merry Go Round. Anonymous
The New Dealers. Anonymous
Economics of Recovery. By Leonard P. Ayres
Washington and the Revolutionists. By Roger Babson
America Faces the Future. By Charles A. Beard
The Idea of National Interest. By Charles A. Beard
The Future Comes. By Charles A. Beard & G. H. E. Smith
The New Deal. By Stuart Chase
Economics of Abundance. By Stuart Chase
The Mainstay of American Individualism. By C. M. Clay
The Dollar, the Franc, and Inflation. By Eleanor Dulles
Dollars. By L. D. Edie
Roosevelt and His America. By Bernard Fay
The Free Right to Contract. By Russell Frambes
Primer of New Deal Economics. By J. George Frederick
Is Fascism the Answer? By S. A. Jones
America Swings to the Left. By Alva Lee
The Roosevelt Revolution. By Ernest K. Lindley
The Menace of Recovery. By William MacDonald
Brandeis: Lawyer and Judge in the Modern State. By A. T. Mason
A Handbook of NRA: Laws, Regulations and the Codes. By Lewis Mayers
A Critique of the Gold Standard. By H. L. Puxley
The Roosevelt Program. By Cleveland Rogers
Looking Forward. By Franklin D. Roosevelt
On Our Way. By Franklin D. Roosevelt
America Goes Socialistic. By Henry Savage, Jr.
The Coming American Revolution. By George Soule
Labor and the New Deal. By Stein, Rausenbush & MacDonald
America's Way Out. By Norman Thomas
The Choice Before Us. By Norman Thomas
The Industrial Discipline. By Rexford G. Tugwell
The American Recovery Program. By Tugwell and others
America Must Choose. By Henry A. Wallace
Trade Associations and Industrial Control. By S. N. Whitney

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Five Year Plan for America. C. A. Beard. *Forum,* July 1931
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Crusade for National Recovery. Philip Cabot. *Yale Review*, Autumn 1933

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New Industrial Partnership. H. C. Metcalf. *North American Review*, December 1933

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Controlled Recovery. John Dickinson. *Atlantic*, September 1933

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NATIONAL MUNICIPAL REVIEW

JULY 1934

New York Has Its Chance
• • EDITORIAL

The States' Search for Money
• • • MABEL L. WALKER

Nebraska Considers a One-House Legislature
• • • LANE W. LANCASTER

Uniform Accounting for Local Governments
• • • LLOYD MOREY

Internships In Practical Government
• • • OTIS T. WINGO, JR.

New York Legislature Again Impedes a Progressive Governor
• • • RUSSELL McINNES

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THE LEAGUE'S BUSINESS

Baldwin Prize Award.—The Committee on Award has just announced that the first prize of one hundred dollars has been won by Miss Mary Cooper of Vassar College. This award is made each year at this time for the best essay on municipal government submitted by a college student. Miss Cooper's paper was entitled "The Progress of the County Executive Plan."

Second and third places, respectively, were awarded to Cedric A. Larson, Stanford University, for his essay, also on "Progress of the County Executive Plan," and by Frank M. Landers, University of Michigan, who wrote on "Metropolitan Area Simplification."

The Committee on Award for this year was composed of Professors William Y. Elliott of Harvard University, Everett Kimball of Smith College, and Arthur W. Bromage of the University of Michigan.

* * *

New Radio Programs.—Series VIII of "You and Your Government" broadcasts, entitled "A New Deal in Local Government," is now on the air every Tuesday evening from 7:30 to 7:45 eastern daylight saving time. The League will continue to publish these programs as they are given each week. Individual broadcasts may be secured at ten cents each, the entire series of fourteen broadcasts at $1.00. We list below the programs for coming weeks:

July 3—"The Sumners-Wilcox Municipal Bankruptcy Act." Representative James M. Wilcox, 4th Florida District; William Hard, Publicist.

July 10—"Saving the Cities." L. P. Mansfield, Supervisor Bond Department, Prudential Insurance Company of America.

July 17—"English Local Government." Professor D. W. Brogan, London School of Economics.

July 24—"New Fields for New Planning." Flavel Shurtleff, Secretary, National Conference on City Planning.

July 31—"The Tennessee Valley Experiment." John B. Blandford, Jr., Coördinator, Tennessee Valley Authority.

August 7—"New Aspects of the Public Service." Professor Leonard D. White, United States Civil Service Commissioner.

August 14—"A New Charter for New York City." Professor Roy V. Peel and Professor Paul Studenski, New York University.

* * *

Lyons Conference.—Your secretary will be one of the delegates from the United States to the National Conference of Cities meeting at Lyons, July 19-22. The conference is being held under the direction of the French Union of Cities.

HOWARD P. JONES, *Secretary*

Editorial
Comment
✣
July

NATIONAL
MUNICIPAL REVIEW

Vol. XXIII, No. 7
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New York Has Its Chance!

The charter commission for New York City, recently created by an act of the legislature, is now struggling with the tremendously difficult but exceedingly important job of working out the principles of a new charter which will make the government of our largest city more democratic and more efficient. At the same time, the commission must needs consider seriously the question of what citizens of New York will accept. What may be ideally most desirable becomes least desirable if for reasons of tradition, sectionalism, or insufficient understanding, the citizens simply won't have it!

For the first time in a generation, however, New York has an opportunity for fundamental reorganization of its administrative machine. New Yorkers will be looking to the charter commission for leadership. A progressive step which today they might not accept for lack of understanding, they might welcome tomorrow if it were presented as the recommendation of the charter commission, and clearly and adequately explained.

The ideal solution, in the opinion of the National Municipal Review, would be the city manager plan with proportional representation along the lines of the fundamental principles laid down in the Model City Charter. These principles should not be lightly cast aside. Formulated by a committee including practically all the outstanding authorities on the subject of municipal government and administration in the country, the Model Charter sets a course in the direction of principle rather than expediency. The Review editors would be the last to suggest that the Model Charter could be adopted by our largest city without important adjustments. We do submit, however, that the form of the garment is there—what is needed is the lengthening of the sleeves and a little taking in around the collar.

Some previous efforts at thorough reorganization of New York City's government, for example, have been wrecked upon the shoal of borough autonomy. It must be recognized that citizens of the various boroughs have strong local prides and prejudices which must be taken into consideration. Such recognition is possible without violation of fundamental principles of sound public administration, both in the election of representatives and in the administrative phase of the government.

All these details are subject to variation, adjustment and composition within the framework of the Model Charter. Were the Model Charter theory only, regardless of the authority behind it, much might be said in favor of passing it by. It has, however, served as the foundation for the charters of more than 450 cities which are, by and large, the most efficiently administered municipal governments we have. This being true, it is only the part of common sense for the New York charter commission to adapt as much as possible from successful experience.

NOTE:—Just as this issue of the REVIEW is going to press word comes that the charter commission has voted hastily, without discussion, to have an elected chief executive instead of a city manager. See page 389 for note on latest developments.—Editor.

The Parade of the Jobholders

APPROXIMATELY 4,700,000 families are on unemployment relief rolls at the present time. This represents a substantial increase over a year ago. The immediate query presents itself—how can this figure be reconciled with the re-employment statistics issued by the U. S. Department of Labor which are very encouraging?

There are a number of factors in the situation today which should not be overlooked. First and foremost, it must be appreciated that while there is a continual flow from the ranks of unemployed into employment, there is likewise a continual flow of men from jobs into the vast empty world of the jobless. Technological unemployment is one reason. Varying activity in the different industries is another. Second, it must be recognized that there are large numbers of men and women whose reserves have given out during the past year, people who were able to take care of themselves during the first years of the depression but who finally used up their savings. Third, the relief program, organized on a national scale, is more effective in reaching the needy today than it was a year ago.

The seriousness of the relief situation should not be minimized. Business conditions are better yet unemployment is worse. That apparent contradiction has in it a real challenge to public administrators on all levels of government. The first battle with depression has been won; but the war is not yet over. Government for some time to come must find a way of taking care of a substantial slice of our population. With a wry smile may we look upon the title of the New York welfare unit—"The *Temporary Emergency* Relief Administration"! Unemployment relief, that is, has become a permanent problem.

H. P. J.

HERALD
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ATION
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The Daily

HEADLINES

After an extended survey under the direction of George D. Strayer of Teachers College, Columbia University, the Yonkers, N. Y., board of education is advised to close two elementary schools and partly close another, and gradually to reduce by seventy-seven its present force of nine hundred and twenty-five teachers. Dr. Strayer's report also recommends greater autonomy of the board of education from the city's board of estimate, abolition of the board's standing committees, and concentration of responsibility on the superintendent of schools. All this in the name of those well known civic twins, Efficiency and Economy.

* * *

American students of government migrate to France this month to attend the International Conference of Cities at Lyons, July 19-22, under the leadership of the French Union of Cities, of which Edouard Herriot, Ex-Premier of France and for thirty years Mayor of Lyons, is President. A tour of twenty French cities has been arranged—on radically different lines, however, than the famous Mayors' Expeditionary Force of the unhallowed '20s.

* * *

Under a new law, municipal or school corporations in the Province of Quebec, Canada, may make financial compromises with their creditors, provided such agreements are ratified by two-thirds in value of the creditors and approved by the Quebec municipal commission. This arrangement parallels the American move toward municipal relief under the terms of the Sumner Act.

* * *

Baltimore pays its respects to the Upward Swing by a systematic restoration of salary cuts on certain positions and by reducing the percentage of cuts on others. This will interest the other forty-nine cities of over 100,000 population, of which only two, according to the International City Managers' Association, have made no salary cuts in recent years.

* * *

According to statistics quoted in *Better Roads*, an automobile has killed an American citizen on an average of every seventeen minutes throughout 1933. Automobile manufacturers announce that many 1935 cars for general use will have a speed of 120 miles per hour. Separately these two facts are startling, but not very relevant. Laid end to end they give rise to many thoughts. *Better Roads* suggests wider rights of way as an inevitable future need.

* * *

In a desperate attempt to maintain safety-first work in face of a budget reduced to irreducible minimum, Detroit drafts its school boys for street patrol duty, with encouraging success. Fifteen hundred school crossings recently were patrolled by the schoolboys after some preliminary training by the police department, leaving only ninety-two heavy traffic crossings for the orthodox traffic cops to look after.

E. M. B.

The States' Search For Money

Frantic legislators pass hundreds of financial laws during depression

MABEL L. WALKER

Executive Secretary, Tax Policy League[1]

Much of the feverish financial legislation of the last few years reminds one of the old rhyme:

"The King of France with twenty thousand men
Went up the hill and then came down again.
The King of Spain with twenty thousand more
Climbed the same hill the French had climbed before."

Stringent tax collection laws are enacted, only to be followed later by wholesale remission of penalties. Rigid tax limits designed to relieve the poor taxpayer are forced through the state legislature and almost before the ink has had time to dry on the signature, the indigent taxpayer who was to be relieved finds himself shackled with a sales tax.

Twelve hundred new tax laws emerged from the legislative hopper in 1933—some of them forced through as initiative measures on the part of the people. A great deal of this legislation is ambiguous, much of it seems unwise, and some appears rather tragic.

State legislators would probably contend that they were confronted with a condition and not a theory. The striking changes that have been taking place in the state governments have been the results of a number of very powerful forces acting upon the legislatures. Such forces are the revolt of the taxpayers, particularly of real estate groups, the financial distress of municipalities, diminishing state revenues due to shrinking sources and widespread delinquency, pressure of the federal government for recognition by the states of their responsibility in relieving unemployment, and the pressure of public opinion to the same end. All of these are positive influences, inciting the legislatures to some kind of responsive action. Such response was conditioned, however, by the negative force of the state constitutions, with their rigid shackles upon legislative initiative. In many states the fundamental law proves to be a most effective barrier to good government.

Uniformity clauses have blocked the way to the adoption of income taxes and of classified property taxes in a number of states. The recently adopted constitutional tax limits further complicate the issue. Provisions for tax-exempt securities, tax-exempt property and tax-exempt groups cause loss of revenue and unfair discrimination. Mandatory provisions imposing unnecessary offices and burdens upon local governments make it constitutionally impossible to have efficient and economical local government in many areas.

Within the limits imposed by these various restrictions and subject to all of the positive forces acting upon them the legislatures have been forced to act. Much of what they have done is admittedly emergency legislation. Some permanent changes have already been effected, however, and more will undoubtedly result from the general upheaval and reconnaissance that have been taking place.

---

[1] Formerly General Welfare Tax League.

The states have sought to bolster up their revenues during the depression chiefly in the following ways: (1) through enactment of income tax and general sales tax laws; (2) through modification of tax collection laws; (3) through increase or change in the distribution of gasoline and motor vehicle taxes; (4) through adoption of liquor revenue laws.

Before considering, however, how they have attempted to reach additional revenues, it seems worthwhile to consider briefly the amazing spread of the movement to cut off the revenues already available.

THE TAX LIMIT MOVEMENT

The present depression has evoked a great mass of tax limiting legislation. At least fourteen states have enacted

RECENT TAX LIMITING LEGISLATION

ate	Date	Type of Law	Type of Limit	Government Limited	Amount of Limits (Percentage refers to proportion of assessed valuation of real and personal property)
lif.	1933	Const.	Total	State	No more than 5% increase over levy of preceding year (except for schools) except by 2-3 vote of both houses of Legislature.
	1933	Const.	Total	State	State property tax not to exceed 25% of total appropriation.
	1933	Const.	Total	Local govts.	No more than 5% increase over levy of preceding year. After Jan. 1, 1935, Leg. may limit county and city rates.
d.	1933	Stat.	Rate	All governments	1% outside corporate limits; 1.5% inside corporate limits. (Includes 0.15% state limit, but not poor relief. Additional for debt charges when necessary).
wa	1933	Stat.	Rate	All governments	Total rate for 1933 and 1934 not to exceed 20% of 1930 rate. Exceptions: Levies subject to State Board of Assessment and Review; rates authorized for support of poor; debt charges; fire dept.; schools
	1933	Stat.	Rate	Counties	1.6%.
n.	1933	Stat.	Rate	Counties	Graduated from 0.35% in counties of $40,000,000 or over assessed valuation to 0.5% in counties of less than $10,000,000 valuation. Increase of 0.15% allowed for roads. Debt charges excepted
	1933	Stat.	Rate	Cities	1.4%, except for debt charges; 0.15% for high school extension course.
ich.	1932	Const.	Rate	All governments	1.5%, except debt charges. May be increased to 5% by voters, for not more than 5 yrs. at one time, or when provided by charter of cities. No state levy.
inn.	1933	Stat.	Total and rate	Counties	Limits vary according to number of townships and ass. valuation. Sometimes by rate and sometimes by total revenue. In certain counties, 0.7% and 0.8%.
eb.	1933	Stat.	Rate	Cities and Counties	0.05% for poor relief. Numerous levies for specific purposes.

Nev.	1933	Const.	Rate	All governments	Proposed amendment: 5%, including c charges. (Approved by 1933 legislat Must be passed by 1935 legislature and r fied by electorate).
N. M.	1933	Const.	Rate	All governments	2%, except debt charges and special ass ments. Additional if approved by voters.
N. D.	1933	Stat.	Rate	Townships	0.5%; unorg. 0.2% and addtl. 0.2% for ot purposes. Excess up to 50% of above le if app. by voters.
Ohio	1933	Const.	Rate	All governments	1% (effective Jan. 1, 1934), in place of p vious 1.5% limit, except debt charges special levies authorized by voters.
Okla.	1933	Const.	Rate	All local governments	1.5%, except existing debt charges. 1% ac tional in school districts by vote of peo Additional 0.2% by counties for sepa schools for white and colored. Maxim 2.7%. No state levy.
R. I.	1933	Stat.	Rate	Cities and Towns	2.5%, except debt charges. Increases may authorized by State Finance Commissioner
Texas	1933	Const.	Per cap.	State	Proposed amendment: $22.50 per capita be maximum collected, except in emergen App. by Legislature.
Wash.	1932	Stat.	Rate	All governments	4% on valuation at 50% of true value. St 0.5%; counties, 1%; school dists. 1%; ci and towns, 1%. Addtl. levies for debt char and when app. by voters.
W. Va.	1932 1932	Const. Const.	Rate Rate	State All governments	0.01%, except for existing debt charges. 0.5% on residential and farm property; 1. on all other prop. outside municipalities; within mun. Law not clear on debt char Inc. up to 50% max. rate and for not m than 3 yrs. if auth. by voters. Rev. app tioned according to levy laid in units.

laws during the last two years setting limits of one kind or another upon the tax-raising powers of state and local governments, and in seven of these states such provisions have been embedded in the state constitutions. Two other constitutional amendments await approval by the voters. Similar legislation is being advocated in a number of other states.

Indiana, Michigan, Ohio, and West Virginia are outstanding in the stringency of their provisions. In each of these states there is an overall limit on the property tax which covers all types of governments. Indiana and West Virginia make the limit somewhat higher in municipalities than in unincorporated areas. Ohio and Indiana have 1 per cent limits (1½ per cent in Indiana inside corporate limits); Michigan has a 1½ per cent limit. The West Virginia limit ranges from ½ of 1 per cent on residential and farm property to 2 per cent within municipalities.

THE SALES TAX STAMPEDE

The critical situation which the states were already facing was intensified by the decreased revenues resulting from the tax limits. In desperation and haste harassed lawmakers cast about for new sources of taxation and seized upon the tax which was being so assiduously advocated, for obvious reasons, by real estate interests, automotive industries, and big income tax payers. Within less than two years, over one-third of the states resorted to the undemocratic and regressive general sales tax.

There was not much of a choice for some of the states. They were so fettered and encumbered by constitutional restrictions that they could do little else. Michigan is an outstanding example of a state in which it is legally impossible to have an equitable and scientifically devised tax system. The uniformity clause (which is held by many to bar the way to adoption of a graduated net income tax and to a general classification of property for taxation), coupled with the constitutional tax limit, seems to be effective in preventing the adoption of a modern and well balanced revenue system. It is not strange, therefore, that Michigan has adopted the most oppressive sales tax law in the country—a 3 per cent tax on the sale of all commodities, including food, clothing, and medicine.

Two states enacted sales tax legislation in 1932, sixteen in 1933, and seven in 1934. Two of these laws have expired, three were defeated at popular referenda, and two were declared unconstitutional and were re-enacted in slightly different form. Three of the 1934 laws replaced, or were in addition to, existing laws.

The rates for the laws which have been mentioned range from ½ of 1 per cent to 3 per cent. In one or two states

GENERAL SALES TAXES
(of ½ of 1% or more)

State	Year	Type of Tax	Rate
Arizona	1933	Gross income including services	½ of 1% producers; 2% retailers and services.
California	1933	Retail sales	2½% to July, 1935; 2% thereafter
Illinois	1933	Retail sales	2%
Indiana	1933	Gross income including services, investments and sales of real prop.	¼ of 1% producers; 1% retailers and services
Iowa	1934	Retail sales	2%
Kentucky	1934	Retail sales, services and admissions	3%
Michigan	1933	Retail sales	3%
Mississippi	1934	Gross income including services	⅛ of 1% wholesalers; 1% mfrs.; 2% retailers and others
Missouri	1934	Retail sales	½ of 1%
New Mexico	1934	Retail sales	2%
North Carolina	1933	Gross sales	1-25% wholesale; 3% retail
Oklahoma	1933	Retail sales	2% retail; 1% gas and elec. for industrial purposes; 1% farm tools and machinery
South Dakota	1933	Gross income including services, investments and sales of real prop.	¼% mfrs. and wholesalers; 1% retailers; 1-2% services
Utah	1933	Retail sales, services and admissions	2%; beer and malt extracts 5%
Vermont	1933	Retail sales	⅛%-4% graduated according to sales
Washington	1933	Gross income including services, investments and sales of real prop.	¼% mfrs.; 1-5% wholesalers; ½% retailers; 2-5%-5% services
West Virginia	1934	Retail sales	2%

NOTE: Sales tax laws in North Dakota and Oregon were defeated by popular referenda in 1933 and a similar law was defeated by the Oregon voters again in 1934. The first sales tax laws passed by Arizona and Illinois in 1933 were declared unconstitutional. The laws were revised and re-enacted. In 1932 Pennsylvania adopted a sales tax law which was for a six months' period only and was not continued after that date. The New York 1 per cent law expired June 30, 1934.

food is exempt from the tax. There have been no exemptions of other necessaries. About half of the laws are for specified temporary periods, usually of from one to three years.

SPREAD OF INCOME TAX LAWS

A somewhat more encouraging development during the depression has been the steady but much less spectacular spread of graduated net income taxes. Personal income tax laws were in force in nineteen states on January 1, 1933. Four of these laws had been adopted since the beginning of the depression. The Washington law, however, has since been declared unconstitutional on the grounds of violating the uniformity clause. Six more states passed income tax laws in 1933 and one in 1934. At present there are twenty-two states levying both personal and corporate net income taxes, in addition to Montana, where the law will not go into effect until voted upon by the people; three which levy upon corporate incomes only; and one which levies only upon personal incomes. All but two of the preceding taxes on personal income are graduated. Three states tax only the income which is derived from intangibles. Personal income tax laws passed by Illinois in 1932 and by Tennessee in 1931 were declared unconstitutional on the ground of violating the equality and uniformity clauses. A personal income tax law for California was pocket vetoed by the Governor in 1933.

GRADUATED PERSONAL INCOME TAXES

State	Date[1]	Exemptions	Rates
Alabama	1933	$1,500 single 3,000 married 300 dependent	1-5% on incomes over $8,000
Arizona	1933	Deduction from tax only: $8.00 single 17.50 married 4.00 dependent	1-5½% on incomes over $11,000
Arkansas	1929	1,500 single 2,500 married 400 dependent	1-5% on incomes over $25,000
Delaware	1917	1,000 single 2,000 married 200 dependent	1-3% on incomes over $10,000. Governor may alter rates
Georgia	1929	1,500 single 3,500 married 400 dependent	1-5% on incomes over $20,000
Idaho	1931	700 single 1,500 married 200 dependent	1-6% on incomes over $5,000
Iowa	1934	Deduction from tax only: $6.00 single 12.00 married 2.00 dependent	1-5% on incomes over $4,000
Kansas	1933	750 single 1,500 married 200 dependent	1-4% on incomes over $7,000
Minnesota	1933	1,200 single 2,000 married 250 dependent	1-5% on incomes over $10,000
Mississippi	1912	750 single 1,500 married 200 dependent	2½-6% on incomes over $15,000
Missouri	1917	1,000 single 2,000 married 200 dependent	1-4% on incomes over $9,000
Montana (Not effective until voted on November, 1934)	1933	1,000 single 2,000 married 300 dependent	1-4% on incomes over $6,000 Surtax 1-25%
New Mexico	1933	1,000 single 1,500 married 200 dependent	1-4% on incomes over $100,000
New York	1919	1,000 single 2,500 married 400 dependent	1-3% on incomes over $50,000 Rates doubled 1932-34
North Carolina	1921	1,000 single 2,000 married 200 dependent	2-6% on incomes over $6,000

North Dakota 1919	500 single 1,500 married 200 dependent	1-15% on incomes over $15,000
Oklahoma 1908	1,000 single 2,000 married 500 dependent	1-6% on incomes over $15,000
Oregon 1930	800 single 1,500 married 400 dependent	2-5% on incomes over $7,000
South Carolina 1922	1,000 single 1,800 married 200 dependent	2-5% on incomes over $6,000
Utah 1931	1,000 single 2,000 married 400 dependent	1-4% on incomes over $8,000
Virginia 1843	1,000 single 2,000 married 200 dependent	1½-3% on incomes over $5,000
Wisconsin 1911	Deduction from tax only: $8.00 single 17.50 married 4.00 dependent	1-7% on incomes over $12,000; surtax

[1] Date law was first passed. Many laws have been rewritten or amended since. Data in following columns refers to provisions now in force.

MODIFICATION OF TAX COLLECTION LAWS

A nation-wide survey of tax delinquency, now being conducted by the Bureau of the Census, shows that delinquency amounts to more than 40 per cent of the tax levy in some states. There is always a certain amount of delinquency in connection with real estate taxes, but this has increased by leaps and bounds during the depression until in many places it has constituted severe problem for the states and has brought local governments to the verge f bankruptcy.

Practically every one who makes a tudy of the problem arrives at the conclusion that inefficient collection procedure is the chief reason for tax delinquency. Even the most casual survey of tax collection laws shows surprising differences in the state laws. There are, in addition, numerous local variations. The situation would be nothing like so bad, however, if the laws, such as they are, were well enforced. But when lax and slovenly administrative methods are superimposed upon haphazard legislation the result is likely to be, and is, very bad indeed.

At least thirty states have eased up on tax collection laws during the last eighteen months. Among the methods used to stimulate tax payments have been drastic reduction of penalties and interest and even, in some cases, of the principal of unpaid taxes. Instalment payment of current and delinquent taxes has been made legal in a number of states. Tax sales have been postponed and the period of redemption after sale extended. Approximately one-third of the states have enacted provisions whereby penalties are remitted if delinquent taxes are paid by a certain date.

The demoralizing effect of sporadic remission of penalties and even compromise of the principal of delinquent taxes adds a further element of confusion and uncertainty to the situation. If the legislature has been known to remit penalties in a burst of generosity in one crisis, there is always the hope for the delinquents that it may do so again. Hence, there is a gambling chance that a taxpayer will do well to let his taxes ride until the situation becomes so critical the legislature will again let up on the penalties.

Such procedure fosters delinquency and is extremely discouraging to those honest and responsible property owners who have made sacrifices in order to pay their taxes when due.

DIVERSION OF GASOLINE TAXES

Thirty per cent of the average state's revenues were obtained from gasoline and motor vehicle taxes in 1931. There has been very little increase of gasoline tax rates as a result of the depression. The rates had already been made as high in a number of states as it was considered expedient to make them. Oregon increased the rate by one cent in 1933 and in four other states—Arizona, Florida, New York, and Tennessee—temporary increases were continued or made permanent. There has been, however, much legislation affecting the distribution of gas funds. Several states provided for diversion of a portion of the funds to poor relief, education, or the general fund, frequently for stated temporary periods. Registration fees for pleasure cars were decreased in many states and in some instances the fees for trucks and buses were decreased.

ADOPTION OF LIQUOR REVENUE LAWS

Liquor taxes proved to be an eagerly welcomed source of revenue for the harassed states. With the repeal of prohibition early in December 1933 legislatures in several states were hastily assembled in special session to devise schemes for controlling the liquor traffic and for tapping the profits for the benefit of state funds.

Twelve states have decided to experiment with the liquor authority plan and take for themselves profits rather than taxes. Montana was the first to take this action. Liquor retailing has been made a state monopoly with state liquor stores under the control of a state liquor board. Sales will be made only to persons holding permits and possession of liquor not obtained on a permit will be illegal.

Other states that have adopted some form of state monopoly are Delaware, Iowa, Michigan, Mississippi (subject to referendum), New Mexico, Ohio, Oregon, Pennsylvania, Vermont, Virginia, and Washington. The state authority plan is being actively sponsored in a number of other states, and has the approval of students of the liquor control problem.

All of the other states in which the sale of liquor is legal have adopted th license system of liquor control. Licens fees are supplemented by excise taxes As may be expected in connection wit any type of tax, there is much variation in the rates as between states Beer taxes, for example, range fro fifty cents to $4.65 a barrel. The usua rate is $1.00 or $1.25 per barrel. Taxe on hard liquors run from forty cents t $2.00 per gallon. The tax in severa states is $1.00 per gallon. Taxes o wine run from nothing to $2.00 pe gallon.

Twenty-one states are still legall dry, eleven of them constitutionally s and in three states nothing more poten than 3.2 per cent beer can be sold Meanwhile, the sale of bootleg liquo proceeds apace and the states are powerless to tax the business. Provision i being made for repeal in most of thes states.

RESULTS OF FINANCIAL LEGISLATION

Statistics are not yet available o which to base an analysis of the exten to which the states have been financiall successful in their intensive legislatin for increased revenues. The determination of their success from the socia and economic points of view is eve more a question to be answered in th future rather than at present. Certainly, when the financial picture o the depression years has been complete striking changes will be apparent in th proportional significance of the differen forms of state revenue. Whether thes changes mean, on the whole, a faire distribution of tax burdens and a mor scientific system of taxation is seriousl open to question. One of the large public finance undertakings of the nex decade may have to be clearing awa the debris of much of the 1933-1935 ta legislation.

In a second article which will appear in th August Review, Dr. Walker will discuss constructive legislative proposals that are bein advocated by prominent students of taxatio —Editor.

Nebraska Considers a One-House Legislature

Issue will go to voters in November

LANE W. LANCASTER

University of Nebraska

One of the hoariest of American political dogmas is the belief in the system of checks and balances. In the field of legislation this is implemented in part through the bicameral system. The origins of this system are lost in the mists of the Middle Ages and no one knows with any certainty why the Lords Spiritual and Temporal began sitting apart from the Knights of the Shire and the Citizens and Burgesses in 14th century England. But, the division once accomplished, there were philosophers enough willing to see in an accidental happening the working of a deep and conscious purpose.

To the political scientist bicameralism is of course defensible in a large national state or even in a provincial area where interests are many and varied and where it is therefore desirable that a place be found to exhibit clashing points of view. Or, in a class state, the different orders of society may with justice demand separate agencies for the declaration of public policy. To a degree some of these conditions still persist. Thus the Senate of the United States may well claim to represent broad regions and important, if minority, interests in American society, as over against the House of Representatives with its basis in mere numbers and a membership doomed by the realities of politics to a more parochial point of view.

In the typical American state, however, there are present few of the conditions which justify a legislature of two houses. So far as bicameralism is a device for encouraging deliberation and debate, its fate would seem to be involved in that of the traditional deliberative process generally. Persuasion by talk is a device of the pre-industrial age. It is not too much to say that the press and modern agencies of transportation and communication, by making almost instantly available to the legislator the will of his constituents, have reduced legislative bodies to mere machines for the registering of decisions taken elsewhere by the real, if undiscoverable, rulers of society. Moreover, the issues which have import in the modern state do not in most cases lend themselves to the traditional apparatus of what Carlyle called a "talk shop." So deeply is the subject-matter of modern legislation involved in complicated questions of technology that the wisest legislative body has surprisingly little to contribute to its elaboration. It is true that the legislature may be kept large and cumbersome to permit the "blowing off steam" and the venting of prejudices by the electorate, but this end is likely to be purchased at the cost of a good deal of unintelligent tinkering.

A good section of the electorate is likely to be dimly conscious of such shortcomings at a time when the demand is for action and when the somewhat undignified antics of the legislature are costly to the taxpayer. Since logic is no great part of politics it matters little to the voter that the purposelessness of the legislature reflects rather well his own sense of bewilderment in a vexed world; he is ready to take a chance on flying in the face of "the wisdom of the Fathers" at least to the extent of experimenting with his governmental machinery.

Unicameralism has been a subject of discussion in some state in every legislative year since 1913. At least ten states have considered this reform either in their legislatures or in constitutional conventions or at the ballot box. At every session of the California legislature from 1913 to 1925 the proposal to submit an amendment providing for the change to a one-house body received the support of at least one branch. Oklahoma and Oregon actually voted on proposed amendments between 1912 and 1916 and there is a record of at least spasmodic interest in such a change in Ohio (1912, 1932), Kansas (1913), Alabama (1915), Washington (1915, 1917), and South Dakota (1917, 1923, 1927). At times there has been interest of a less definite sort in other states.[1]

The interest of Nebraskans in the unicameral principle goes back twenty years. A joint committee of the legislature of 1913 reported that the bicameral system was not a success and that "in practice it has been found that the so-called check between the two houses results in deadlocks and the absence of real responsibility which should be felt by representatives of the people," and urged the abolition of one house. The matter was again before the constitutional convention of 1919-1920 and the submission of an alternate amendment to the present bicameral plan was defeated only by the breaking of a tie vote. Since 1920 interest has been kept alive largely by Senator George W. Norris who has advocated a single-chamber legislature from time to time, often as a part of a "model state government," which has long been one of his objectives for Nebraska.[2]

THE LEGISLATURE TODAY

The present legislature of the state consists of a senate of thirty-three members and a house of representatives of one hundred. The constitution permits a senate of fifty members and limits the house to one hundred. There is no lower limit in either case. On the basis of the 1930 census each house member represents about 14,000 people and each senator about 40,000. The districts for the election of members are laid out with a fair degree of honesty, though at present the two most populous counties —Douglas (Omaha) and Lancaster (Lincoln)—are under- rather than over-represented. Within recent years there have been few attempts at gerrymandering. On the whole the personnel of the two houses has not been markedly inferior to similar bodies elsewhere. The house has on occasion been tumultuous in its conduct, and is generally parochial in its point of view, and it is the belief of intelligent observers that the upper chamber is, through the years, a distinctly abler body.[3]

The records of the legislature are not kept in such a way as to enable the student readily to learn very much about the "checking" function of the bicameral system. At any rate figures are not at present available covering any extended period of years. On the whole, however, two conclusions seem valid. First, formally at least, the chambers certainly check each other if such a check is to be measured solely by the number of bills originating in one house which are rejected by the other. It is interesting to note, however, that in the 1933 session the house was far more active in rejecting measures sent to it by the senate than the latter body was in defeating bills originating in the house. Of 178 senate bills sent to the house that body rejected 105, or 59 per cent; of 133 house bills sent to the senate only 33 or 25 per cent were defeated there.[4] This, of course, is the opposite of the situation which earlier theory expected to obtain as between the "radical" and "conservative" chambers. In any event this method of estimating the "check" is open to the obvious criticism that bills should be weighed as well as counted. And what the "check" is worth from this point of view is almost entirely a matter of opinion. In the second place, it seems correct to say that the two-house system is used in Nebraska as elsewhere as a means of evading responsibility.

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[1] For a list of movements toward the change to a unicameral legislature see Daniel B. Carroll, *The Unicameral Legislature of Vermont,* (Montpelier, 1933) pp. 4-6.

[2] See his article "A Model State Legislature," printed in the *New York Times* for January 28, 1923, and reprinted in the *Congressional Record* for February 5, 1923.

[3] A very fair estimate of the legislature is contained in the article by Ralph S. Boots, "Our Legislative Mills: Nebraska," in the NATIONAL MUNICIPAL REVIEW for February 1924 (pp. 111-119).

Nebraska experience is negative with regard to two of the arguments commonly used against the bicameral system. The "check" of the executive veto has been sparingly used, though it is given in ample terms. In 1933 it was applied to less than 7 per cent of measures passing both houses and this figure is rather higher than the average for the sessions since statehood. Nor do the evils commonly associated with the conference committee in national legislation appear to have been serious. For a good many years members have made frequent use of the facilities of the legislative reference bureau in bill-drafting and the presence of two houses does not seem to have been very important from the point of view of improving the technical form of measures.

As a matter of fact the present movement to secure a one-house legislature is an attempt to capitalize a rather general *malaise* not easily reducible to concrete objections to the old order. To put it bluntly, the last legislature left a bad taste in the mouths of many voters not usually over-critical. Possibly because it contained an unusually large number of inexperienced members, it wasted a good deal of time on trivialities. It produced out of its own ranks no vigorous or confident leaders able to take in hand the more than usually vociferous rank and file. The serious illness of Governor Bryan which continued throughout the session deprived it of what might well have been effective and prudent guidance. It met at a time of deep agricultural distress and was in a mood to assail rather than consider. Overwhelmingly Democratic for the first time in years it was disposed to deal rather savagely with the state institutions located in or near the capital city—which had remained faithful to the Republican party. Though it had its full quota of incompetent and ignorant members candor compels the admission that it was probably not very greatly inferior on most counts to the average Nebraska legislature. But its uncertain fumblings with such matters as the liquor question, appropriation bills, and tax reforms, after loud promises to pass only necessary legislation and go home, left a painful impression in the minds of many who are now disposed to think that any change would be an improvement.

The proposed legislature would consist of not fewer than thirty nor more than fifty members elected as at present for a term of two years from single-member districts on a nonpartisan ballot. Many of those closely concerned with drafting the text of the amendment felt that the 1933 legislature, in removing the party circle from the ballot, had gone as far in the direction of nonpartisanship as was politically wise at present. However, this feature was finally incorporated because of the influence of Senator Norris and, in view of the large number of independent voters in the state, may in the end not seriously jeopardize the measure's chances of success. The legislature in session in 1935 is directed to lay out the districts from which the members of the new body would be chosen, to fix the number of members, and to make other arrangements necessary to put the plan into operation.

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[4] The figures for 1933 were furnished me by my colleague Professor L. E. Aylsworth. Boots gives figures for the 1921 and 1923 sessions which lead to much the same conclusion

The size and salary of the proposed legislature may best be considered together. The original draft of the amendment made in the fall of 1933 by Senator Norris himself called for a body of twenty-one members to meet annually and to be paid $2400 a year. Among those in the state most active in preparing the amendment for the initiative petition there was a feeling that a chamber of twenty-one would perhaps be inadequately representative and that such a reduction from the present total of 133 members would be more than the voters could contemplate without shuddering. Moreover the contrast between the $800 now paid members (for the full term) and the proposed $2400 a year would doubtless seem rather startling, though in fact the salary roll at the latter rate would be smaller than at present by a few thousand dollars. In the end a compromise was hit upon by the terms of which the total of the salaries paid should not exceed $37,500 a year. Hence if the new legislature should contain thirty members each would receive $1,250 *per year;* if it should consist of fifty members each would get but $750 *per year.* The originator of this compromise reasoned that the possibility of a fairly adequate salary would count somewhat with the members of the 1935 legislature who would have to put the plan into operation (and who would have their eyes on seats in the new legislature) and would influence them to keep the number nearer thirty than fifty; while those of the electorate who felt that a number as small as thirty would be insufficiently representative might take comfort from the possibility of its being fifty.

The provision that the salary should be paid annually also has an interesting history. The original Norris idea was to provide for a small legislature which would meet annually and remain in session a good part of the time. This apparently offered the possibility of developing a group of expert legislators, paid a salary sufficient to attract able men into the state service and in close and constant touch with the administration. In the end, however, it was decided that the voters were not yet ready for annual sessions, so that the text of the amendment provides that "the sessions of the legislature shall be biennial except as otherwise provided by this constitution or *as may be otherwise provided by law,*" the italicized words being inserted so as to permit more frequent regular sessions if thought desirable later. Finally, though it is not thought that sessions will be more frequent than every two years, it is provided that the salary shall be paid through the period for which members are chosen.

To place the measure on the ballot for the November election about 57,000 signatures are required—10 per cent of the total vote cast for governor at the last election. These must be so distributed that 5 per cent of the vote cast for governor must be secured in each of at least two-fifths of the counties of the state. On June 5, a full month ahead of the "dead line," the proposal had secured 75,000 signatures so that its place on the ballot is assured. To be adopted it must receive a majority of the votes cast for and against it with the additional proviso that this majority must equal 35 per cent of the total vote

(Continued on Page 382)

Uniform Accounting For Local Governments

Need for intelligent and adequate accounts and reporting with steps already taken toward this end outlined by authority

LLOYD MOREY

Professor of Accounting and Comptroller,
University of Illinois
Vice Chairman, National Committee on
Municipal Accounting

PUBLIC business is daily assuming larger proportions and greater seriousness. The government is demanding increased efficiency and regularity in private business. Consequently, it is essential that the government do well the work for which it is itself responsible. As the United States Chamber of Commerce has stated, "Effective accounting and auditing should be just as much a part of public management as they are of private business management."

There can be no question as to the value of uniform accounting and reporting for all units of a similar activity and its great desirability. A common system, if it is developed in accordance with sound principles, brings the assurance of a high and authoritative standard of procedure. It removes the opportunity for constant changes made in accordance with individual ideas and not following accepted standards. It permits valuable statistics and comparisons. The usefulness and advantages of such a plan have been clearly proven in many fields. Various lines of private business have achieved a high degree of advancement in this respect. Among these may be noted banks, utilities, and railroads.

In certain fields of public business also much has been done in this regard. I will mention two recent important developments, both of which are of particular interest to state fiscal officers. The first of these is the work of the National Committee on Standard Reports for Institutions of Higher Education.[1] This committee has undertaken to work out a standard system of financial reporting for all colleges and universities and to secure the adoption of that system.

The other is the uniform system for hospitals and is represented by the work of the United Hospital Fund of New York. Its recent publication, *Accounting and Business Procedure for Hospitals,* fills in a most adequate way a great need in this field and will undoubtedly secure wide recognition and acceptance.

Although there is a great deal of good accounting and financial reporting done in individual localities, *local government accounting and reporting in general is on a low plane.* Even in the larger units, in spite of many examples of good work, there are nevertheless many situations in which the records are incomplete and the reports unintelligible. In small units even a greater degree of inadequacy exists.

In municipalities there is the greatest possible degree of variation, ranging from perfect systems to no systems at all. A recent study made in Illinois indicated that in cities of from seven to eighty thousand population, less than one-half were able to produce a balance sheet and less than 13 per cent had reports which could be considered as fully satisfactory when measured by proper standards. A certain large city in another state reported for the last year a surplus of its current funds of approximately $4,000. Actually, the city had a current deficit of over $1,500,000. In counties the situation is hopeless. In school districts the condition is illustrated by a recent incident which came to my attention, in which the clerk's report showed for one fund a surplus of about $700, while the audit revealed a deficit of over $92,000.

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[1] 5835 Kimbark Avenue, Chicago.

PROGRESS SLOW

Little has been accomplished on a widespread scale with respect to uniformity in the accounts and reports of governments. Although a number of the states have moved in the direction of uniform systems within their area, but little has been done to coördinate these various systems. All work in this field suffers because of the lack of authoritative standards which may be followed.

Fortunately, an important and well organized movement to overcome these difficulties is now going forward. The National Committee on Municipal Accounting has recently been organized, consisting of representatives from all national associations of public accountants and accountancy teachers, associations of public officials, and of citizens. Its purpose is the formulation of principles and standards of municipal accounting, reporting and auditing. Its headquarters are at 850 East 58th Street, Chicago. It is not expecting too much to anticipate that uniform standards of a high order will result from this undertaking.

From the conditions which exist we see that, where the responsibility for accounting and reporting has been left with local governments, these units in the great majority of instances have failed to produce satisfactory results. Local governments which have been left to their own devices in these matters have done little except in isolated instances. Yet local governments have steadily opposed any plan of state supervision of these matters. Leagues of municipalities have often been active in the defeat of meritorious legislation designed to improve and unify local financial practices. Yet few of them have been equally active in bringing about the needed reforms through other means. If the cities individually or through their associations demand autonomy in such things then they must assume responsibility for getting results. If they fail to carry out that responsibility in an adequate way, the only alternative is state supervision.

STATE REQUIREMENTS

Approximately one-half of the states require some kind of financial reports of municipal and county governments. The majority of these states prescribe and provide for the installation of uniform accounting systems. A considerable number of them provide for periodical inspections of the accounting records. The individual requirements in the various states, however, vary widely. Some of the states require reports on certain matters of finance, others require complete reports. Some design and require the installation of a certain system. Others recommend a system but make its installation optional. Others require reports without specification as to form. A wide variation exists in the nature of audit programs. There is an absolute lack of harmony in the requirements of the various states, no prevailing unity in the kind of system prescribed, and a wide range of the requirements imposed upon the local governments in the respective states.

If state supervision of local government accounting is introduced, it is important that correct principles to be followed in such a program be recognized and observed. The state should set the standards which local governments should meet and see that those standards are lived up to. The state should not undertake to do the work itself. Instead, it should make use of existing agencies, including the local governmental organizations and the public accountants.

State supervision should be carried out on a basis of coördination and coöperation with local officers, and through the services of practicing public accountants.

If there is to be a uniform system of accounting, it must be of high standard and conform to basic principles in order to be effective. We should therefore consider some of the underlying principles on which such a system should be based.

WHAT IS NEEDED

Among the fundamental qualities which must be present in any adequate system of governmental accounting must be mentioned:

(1) The accounts must be classified by funds in such a way that all of the resources and obligations of each fund are clearly set out from all other accounts and the surplus or deficit of each fund clearly shown at all times.

(2) A clear separation should be maintained by the accounts of current operations and those of a capital nature. The current assets and liabilities of each fund should be clearly separated from the fixed assets and bond obligations of that fund.

(3) The accounts must provide for an adequate system of budgetary control. It is not sufficient merely to record the receipts and disbursements or the income and expenditures.

(4) The system must be operated on income and expenditure basis and not merely on a cash receipts and disbursements basis.

A double entry system of bookkeeping is demanded with a general ledger at its center. This simple requirement seems too obvious to mention, yet it is lacking in so many local governments that it must be included in any list of fundamentals. The attempt to account for all activities through the simple media of a cash book and a warrant register is so common in local governmental affairs that we are faced with the necessity of insisting upon a system which starts with the commonly accepted essentials of good bookkeeping.

The varying character of the different activities of local government must be recognized in the system of accounts. Publicly operated utilities, for example, require such a system as will accurately reveal the true results of their operation. The growth of this type of management and the general inadequacies of present accounts and reports concerning it emphasize the necessity of careful attention to this phase of the problem.

A CORRECTION

The tax rates for Mobile, Alabama, (Number 129) as published in "Comparative Tax Rates for 284 Cities," December 1933 Review, should be revised to read for the city, $4.50; school, $7.20; county, $7.50; and state, $2.10. The total is correct as reported, but the author advises that the distribution by purposes was incorrectly tabulated.

Internships in Practical Government

Laboratory training in the practical operations of government planned for students of political science

OTIS T. WINGO, JR.

Executive Secretary, National Institution of Public Affairs

To those who have been bending their efforts toward improvement of the standards of public service and to the betterment of governmental and political management, the changed attitude toward politics that has developed in America in recent years has been gratifying and encouraging. Debate may wax long and hot as to just what has been the main factor in the realization of this change in attitude—whether it is to be found in an altruistic turn of mind toward public service, or whether it lies in the fact that opportunities in fields of business have been materially reduced, with the result that governmental service has become more attractive.

The truth remains, however, that well manned government is vitally necessary to our economic well being. The fact is now generally accepted that an increased relationship between governmental authority and our business and financial activities requires that public service must be efficient, enlightened, and on a high plane of purpose and interest.

In the turning of many of our better trained young people to the field of government and politics as holding likely prospects for careers, one question is reaching an answer, but the problem is not solved. Conspicuously remaining is the question, whether or not those young people with all their academic training are adequately equipped for public and governmental service. Those college trained people, who have perhaps followed rather intense studies of political and economic theory and history, have on the whole entered public service with but a scanty knowledge of the actual workings of government and political forces. That lack has been a fundamental weakness, and the importance of remedying it has become evident.

Recognizing the need for that direct contact with reality, the National Institution of Public Affairs has been established to provide to selected students, competitively chosen on a scholarship basis, a laboratory training in the practical operations of government that is designed to supplement classroom study of political science.

On February 4, 1935, the winners of scholarships to the Institution's first program will be brought to Washington for a two months' study and training which will include the serving of an "internship" by each student. In this adaptation of the apprentice plan to the study of government and politics, the student will receive a combination of actual experience as administrative assistant to a governmental official and directed instruction from the Institution's educational director and staff of social science professors, brought to Washington on leave of absence from their respective colleges for the duration of the program or parts thereof.

Although sponsored by the national administration and enjoying the coöperation of the federal government in its training and study program, the National Institution is a nonpartisan, nonpolitical, privately financed and self-governing organization. On this basis its training and activities are free of political or governmental control.

Early next fall faculty selection committees at each college and university will nominate the respective institutions' quota of candidates for the National Institution's scholarships. These candidates will compete for final appointments to be made by the Institution on a regional basis determined by distribution of student population. Most of the scholarships will include educational expenses, transportation to and from Washington, and board and room for the two months' training period.

SCHOLARSHIP QUALIFICATIONS

Eligible for the scholarships to the training program of 1935 will be students from four levels: juniors, seniors, graduate students, and recent graduates of accredited institutions who have pursued a substantial study of political science and related subjects. Qualifications which the scholarship candidates must have include a strong scholastic standing, a demonstrated interest in politics and government, qualities of character and ability especially those having to do with leadership, and good health.

The Institution's program of study and training, designed not to compete with existing educational facilities but to supplement theoretical and classroom study of politics and government with a laboratory experience, will afford a first-hand knowledge and training in the practical functions, organizations, procedure, and methods of the federal government. Included in this laboratory training, which will be under the direction of the Institution's educational director, will be:

1. Conferences and forums with high governmental officials and subdivision of students into small groups on a tutorial basis for individual contacts and relations with governmental officials.

2. Observation of the practical operations of the major functions of the federal government.

3. Analysis of these dominant functions, in connection with discussion groups led by the visiting professors.

4. Application by each student to a particular case problem of his choice.

5. The serving of an "internship" which comprehends actual administrative work and duties in a government agency of particular interest to the student.

6. A report or thesis by each student on the training program, one copy of which must be submitted to the Institution and one to his college.

Such a training in the national field of government and politics has, according to all available records, never before been offered in America. The idea, however, is not a new one, for included in the last will and testament of George Washington is the wish for a national institution at Washington to afford to young people from all over the country a training in the social sciences, particularly government and politics. Although such a practical training in connection with a national government seems to have been confined to an internship program of the Turkish Government and the coöperative program of the Central Political Science College at Nanking, China, a few instances of its development exist in the field of

American municipal government. Following the lead of those cities which have already inaugurated such a program, a number of colleges are now considering the establishment of a training in local government that can be coordinated with the National Institution's activity.

The National Institution of Public Affairs constitutes the first fundamental step in a conscious, objective program for the training of public leaders to replace the hit-and-miss haphazard methods which have prevailed in the past.

To the extent to which this program develops and is supported will depend largely the maintenance and future stability of our form of government. For, if a democratic form of government such as ours does not provide a direct objective method for developing leadership in the ranks of the nation's youth to keep pace with the increasing demands for leaders brought about by a social and economic system growing more sensitive, intricate, and complex each year, then that form of government is doomed.

Through its program the National Institution not only hopes to augment theoretical and classroom study of politics and government by a knowledge and training in the practical operation of government, it also looks to the development of a new and most necessary tradition which will attract to public affairs the well trained young people of high character and ability who are becoming increasingly vital to those growing complexities of governmental activities. Upon the development of that program and that tradition depends the future well-being of our country, economically and socially.

NEBRASKA

(Continued from page 376)

cast for governor at the election at which it is submitted.

To date there has been little public discussion of the question since Senator Norris himself addressed a large public meeting in February, and generally speaking, the press of the state is yet to be heard from. Those who favor the proposed amendment argue that it would produce a more wieldy and business-like body, would fix responsibility for legislation, and would in the end attract abler men to the legislature. The opposition, so far as it is articulate, lays great stress on the need for checks and generally is impressed by the applicability of the "wisdom of the Fathers." A state senator whose proposal of a one-house legislature of one hundred members was defeated in the 1933 session after an amendment was attached to reduce the membership to thirty-three, has printed petitions at his own expense and is now attempting to secure signatures for his original proposal. It is barely possible, of course, that opponents of the Norris measure will assist in this movement in order to complicate the issue for the voters.

It seems quite likely, with reference to the specific proposal to be placed before the voters, that the "wisdom of the Fathers" will triumph again. It would be interesting, however, if one state could "break the ice" and demonstrate that the evils predicted by such an escape from mortmain would not materialize. With the states apparently doomed to become administrative units in a consolidated national state it would seem inevitable that their "legislative" bodies will in the end be compelled to assume a form more consistent with their changing duties and responsibilities. Further, unless a way is found to put a stop to the endless bickering of the envoys of petty districts, which seems to be encouraged by the retention of large legislative bodies, an impatient public may end by putting a period to the whole democratic experiment at our state capitals.

New York Legislature Again Impedes a Progressive Governor

Less than half of Governor's recommendations receive support of both houses

RUSSELL McINNES

Member Legislative Committee, Citizens Union of New York

THE adjournment of the New York legislature at the end of April brought to a close one of the most important sessions of that body in its long history. Not only was the legislation introduced in Governor Lehman's messages of great significance but the political developments of the session itself presage a bitter struggle for the control of the legislature in the coming fall election.

Never a body noted for its calm and deliberative consideration of legislative proposals, the last session revealed the members torn between conflicting emotions and in many instances lacking any public-spirited leadership within their ranks. When the legislature convened in January the Governor was faced with a divided legislature—a Democratic Senate controlled by his own party and a Republican Assembly. Both parties as well were torn by internal dissension. The notorious Dunnigan-McNaboe feud in the Senate and State Chairman Macy's open warfare against the old guard in the Republican party served both to aid and embarrass the Governor. The situation at Albany was further complicated through the election in the preceding November of a Fusion reform administration under the leadership of Mayor F. H. LaGuardia which, while it had broken the grip of Tammany Hall in New York City was dependent on the legislature for the enactment of remedial legislation to enable it to carry out its reform program.

THE GOVERNOR'S PROPOSALS

Governor Lehman's annual message was based in large part on proposals that had been defeated by the legislature during the 1933 session. In his annual message the Governor recommended the complete reorganization of county and town government throughout the state and urged the adoption of a constitutional amendment permitting the legislature to propose alternate new forms of county government and to reorganize the structure of county, town, and village government. The voters of the county were to choose the type of charter under which they would operate. The Governor recommended the creation of a legislative commission to draft these charters. For cities outside of New York City Governor Lehman proposed the appointment of a charter commission on petition of ten per cent of the voters in the city. For New York City itself the Governor recommended the appointment of a charter revision commission of ten or twelve outstanding citizens to be selected by the legislature and their names to be written into the law itself.

Financial difficulties of localities led the Governor to urge legislation to safeguard bondholders in case of default and to recommend that the legislature set up a financial agency to approve or veto expenditures of money or the incurring of debt by municipalities.

Housing and slum clearance were also brought to the attention of the legislature and Governor Lehman asked for legislation to permit the creation of municipal housing authorities empowered to clear and replace slums, reconstruct and repair dwellings, and construct new low rental apartments.

The Governor proposed in his annual message that the functions of the milk control board be extended for another year and the alcoholic control board which had been set up in July 1933 be continued until April 30, 1934. Governor Lehman proposed in addition that the legislature study the liquor regulations to the end that a permanent liquor control statute be drafted.

Governor Lehman again placed before the legislature a group of proposals designed to strengthen the election law of the state. Many of these measures had been introduced as far back as Governor Smith's first administration, but the legislature for over ten years had consistently refused to take any action. Among these measures were the abolition of bipartisan boards of election in Nassau, Oneida, Suffolk, Westchester, Niagara, and Monroe counties, the popular initiation of constitutional amendments, a four-year term for the governor with the election to be held in a nonpresidential year and the passage of a new reapportionment act for both congressional and legislative districts.

Proposals relative to the improvement of the conditions of labor introduced by Governor Lehman in his annual message were also reminiscent of the Smith era at Albany. If any further evidence were needed in order to classify the legislature as both reactionary and obstructive it is found in the fact that for over a decade these same proposals of social welfare have been urged by progressive governors and supported by the public only to meet defeat at the hands of a legislative oligarchy. Governor Lehman urged as did his predecessors in office that the legislature prohibit the use of the yellow-dog contract between employers and employees, provide a jury trial for persons accused of violating the injunction in labor disputes, include all occupational diseases under the workmen's compensation law, ratify the federal child labor amendment, provide for regulation by the state of all fee-charging employment agencies, extend the system of free employment offices, adopt a system of unemployment insurance, and extend the emergency period limiting the number of days a week and the hours of labor permitted on public works.

Under the leadership of Governor Roosevelt the legislature in 1931 created the St. Lawrence water power authority to develop the water power resources of the state. Governor Lehman in his annual message in 1934 urged legislation that would permit municipalities to purchase and sell the electric power developed from the St. Lawrence River.

Finally, the Governor once again submitted to the legislature a comprehensive eleven-point program for the regulation of public utilities. Included among his proposals were the following: legislation permitting municipalities to construct or acquire public utility plants and to sell their services outside of the limits of the municipality, empowering the public service commission to order temporary rate decreases, authorizing the commission to assess a portion of the expenses of investigation and revaluation against a utility company, authorizing the commission to charge fees for the filing of applications and other services, limiting the charges made by holding companies against operating companies to the actual cost of the services rendered, authorizing the commission to strike out of the operating expenses of a company all unjustifiable charges imposed on it by a holding company, prohibiting the payment of moneys by operating companies to holding companies for securities and services without the approval of the commission, prohibiting a utility company from charging to its operating expenses the cost of marketing securities of a holding company, decreasing the amount of stock of another company which a holding company may have without the approval of the commission, clarifying the public service commission law so as to place gas transmission lines under the jurisdiction of the commission, and providing for the public letting of contracts in excess of twenty-five thousand dollars.

In submitting the executive budget to the legislature on January 15 Governor Lehman proposed that the legislature discontinue the one per cent retail sales tax after June 30, 1934. The Governor recommended in addition that normal exemptions on the one per cent gross tax on personal incomes for the current year be allowed and that the gross tax be discontinued after June 30. He urged also that the emergency one cent tax on gasoline be continued in addition to the regular tax of two cents per gallon and that an emergency tax be placed on all stock transfers. The tax was to be three cents a share up to twenty dollars and four cents a share in excess of that amount. In order to bring the budget into balance the Governor proposed drastic salary cuts of from 6 to 33 1-3 per cent to affect all state employees earning over two thousand dollars a year. It is interesting to note that the estimated expenditures for 1934-35 were placed at $249,984,431, as against 1933-34 appropriations of $213,932,657, or an increase of $36,051,774. Despite the administrative reorganization of the state government which was the outstanding achievement of the Smith administrations there has been a steady increase in the cost of the state government over the last decade.[1]

RECOMMENDATIONS ACCEPTED

Considered from the point of view of the number of proposals made by the Governor in his annual message that were adopted by the legislature Governor Lehman, in comparison with the governors who served during the last twenty-five years, had average success. Of a total of thirty-five recommendations made thirteen were adopted in full and two in part or 42.9 per cent adopted in all by the legislature. Faced with the hazards of the legislative committee system the Governor's leadership in the majority of instances was no more successful than that of his predecessors. Considered from the standpoint of importance, however, the enactment of ten out of eleven of the Governor's public utility proposals marked a signal victory for the executive over a hostile legislature. His only public utility recommendation to be defeated was that calling for the public letting of contracts in excess of twenty-five thousand dollars, and that was beaten on the defeat of a motion to discharge the assembly committee from further consideration of the measure, which was made in the closing hours of the legislature after its passage in the senate. The enactment of his utility program, however, including the authorizing of municipalities to own and operate public utility plants, marks the beginning of the end of the age old struggle to break the private utility monopoly in the state. That Governor Lehman succeeded where his predecessors failed is due in some measure to circumstances. First, the Republican state chairman, Kingsland Macy, long a foe of the utility interests, threw the weight of his support to the Governor. And secondly, the publication of certain letters between Senator Thayer (R) and the Associated Gas and Electric Company, through which it was revealed that the senator had been instrumental in blocking for many years the passage of any legislation opposed by the utility company, so aroused the public that the Governor's measures were forced out of committee and then to final passage on a wave of public indignation.[2]

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[1] In 1922 the legislature appropriated $149,363,752 (Comptroller's Report, 1923, p. 17). Thus there has been an increase of over $100,000,000 in the cost of government in a little over a decade.

The success of the executive as a leader in financial legislation was again demonstrated in the enactment of the executive budget as presented by the Governor. In addition every tax proposal was adopted by the legislature in accordance with the recommendation of the Governor and the Republican sales tax drive, to which Governor Lehman was opposed, was defeated. On the other hand Governor Lehman's proposal for the centralizing of control over the expenditures of municipalities met with definite opposition in the legislature and the measure was killed in the assembly committee after passage by the senate.

The legislature also enacted in response to the recommendation of the Governor a state housing law which provided for the establishment and operation of municipal housing authorities. It is the hope of the sponsors of this legislation that through this authority will come the eventual elimination of slum areas and the erection of low-cost housing. The legislature continued also the life of the state alcoholic control board until October 1 and enacted as well a permanent liquor control statute, which, among other things, permitted the return of "vertical" drinking at bars and the sale of liquor without food.[3] At the same time the control of milk including the power to fix prices was vested until March 31, 1935, in a special milk division created in the state department of agriculture.

A partial victory for the Governor's program was won in the adoption of the Fearon (R) county reform bill empowering counties outside of New York to create charter commissions and to adopt the charters as drafted by a referendum vote. On the other hand the Desmond (R) bills which more nearly met the Governor's proposals for county reform were both defeated in the Republican assembly after passage in the senate early in the session.

Though Governor Lehman had urged in his annual message that the legislature create a named charter revision commission for New York City it was not until the closing hours of the session that the legislative leaders turned to a consideration of the problem. The last act of the Democratic senate created such a commission headed by former Governor Smith but including the name of Frank J. Prial, a bitter opponent of the Fusion administration in New York City. Whether the majority leader in the senate hoped in this way to prevent the enactment of any charter revision bill for another year or simply to give Tammany Hall the benefit of a representative on the commission can only be conjectured.[4] Having passed the bill in this form the senate adjourned leaving the Republican assembly, which had supported the LaGuardia administration, in a position where it must either pass the bill in its present form or stand responsible for the defeat of the charter revision plan. Though Governor Lehman denounced the trickery of his own party leaders he nevertheless urged that the Mayor assent to the passage of the bill as the best that could be gained. In order to prevent further delay Mayor LaGuardia assented and the measure was passed by a unanimous (!) vote in the assembly. A further set-back to county governmental reform within New York City was given during the session when the Democratic leaders, disregarding the Governor's proposal, forced the defeat of a constitutional amendment in the senate which provided for the abolition of county offices.[5]

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[2] As a result of the findings of an investigating committee the senate has been summoned in special session in June to consider removal proceedings against Senator Thayer.

[3] Kleinfeld (D) Alcoholic Beverage Control Law, Chap. 3-b, Consolidated Laws of New York.

[4] Mr. Prial was later quoted as denying the need for any revision of the charter declaring that no matter what the form of government was its success depended on the character of the officials in office. New York *Tribune*, April 29, 1934.

PROPOSALS REJECTED

A further example of the failure of the legislature to follow the leadership of the Governor is found in the treatment of the economy legislation drafted and introduced by the Fusion administration in New York City but supported by Governor Lehman. An all-time record for successive defeats was achieved when, despite emergency messages received from the Governor, the legislature refused to enact the measure on four separate occasions during the session and finally passed the bills in such form as to be only partially recognizable to the sponsors. The Mayor, however, was given the right to impose new taxes in order to make up budget deficiencies and payless furloughs were imposed on city employees including members of the city school system. A partial step in the direction of eliminating useless offices in both city and county governments was taken as well. The legislature succeeded, however, in saving the county patronage by blocking any thorough-going county reform.

Still another instance of the failure of the Governor's own party leaders to coöperate in the enactment of his program is noteworthy. Early in the session the Governor had appointed Moreland Commissioner Alger to investigate the problem of how to afford relief to the holders of guaranteed mortgage certificates throughout the state. The Desmond bill which was based on the recommendations of the commissioner was later introduced and its passage urged by Governor Lehman in a special message to the legislature. The Democratic leaders in the senate on three successive days following the receipt of the message caused the defeat of the motion to pass the measure. During the last-minute rush of bills before adjournment, a bill, ostensibly amending the insurance law but actually proposing a mortgage relief plan which was favored by certain title and mortgage companies, was quietly introduced by Senator D. T. O'Brien (D) and passed by both houses.[6]

Governor Lehman's election law reform program again failed of effective consideration by the legislature. The Democratic senate, for example, killed several proposals which had first passed the Republican assembly, among them a bill providing a two-year term for assemblymen, a measure reducing the pay of primary election inspectors to six dollars a day, and a bill eliminating primary elections where there are no contests. On the other hand, dishonors were evened when the Republican assembly committees defeated the four-year term for the Governor and the measures providing for congressional and legislative reapportionment following their enactment by the senate. It should be noted as well that the proposed constitutional amendment, providing for the popular initiative of amendments to the state constitution, was defeated by Democratic votes in the senate. The assembly bill died in committee.

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[5] This will mean a delay of two years before the amendment can finally be acted upon, unless the legislature adopts the proposal in a special session which has been called. Two separately elected senates must adopt the proposed amendment before it is submitted to the people for ratification under the state constitution.

[6] The O'Brien bill, however, was later vetoed by Governor Lehman.

Nor did the Governor's program of social and economic reform in the interest of labor fare better at the hands of the legislature. The senate defeated the Governor's proposal for the establishment of state employment agencies and the Republican assembly defeated the Governor's anti-injunction bill, a measure prohibiting the use of the yellow-dog contract, a bill extending the payment of workmen's compensation insurance for disability or death resulting from occupational diseases, and a measure providing for state regulation of all fee-charging employment agencies. These latter measures had been passed previously by the senate.

From the foregoing analysis it is at once obvious that the Governor enjoyed only partial success in gaining the enactment of his proposals into law. In fact, from the standpoint of the Governor's program the enactment of laws regulating public utilities was the outstanding achievement of the session. Certain factors, however, should be noted in their relation to the failure of the legislature to give more effective consideration to the Governor's state-wide program. In the first place, the New York City situation presented a problem which, because of its possibilities for drama, stole the spotlight at Albany. Affecting as it did the political futures of leaders and members alike, it soon became the football of politics. And what had begun, with the reading of Governor Lehman's annual message, as a relatively orderly session, soon became a legislative scramble in which secret intrigue and a disregard for personal pledges afforded the best chance for political survival. Into this legislative rough-and-tumble the Governor refused to descend. Secondly, the support given by the Republican legislators to the Fusion administration in New York City was not extended in any way to the Governor's proposals either of elective or social reform. It can be said that the Republican party stand on these questions has not changed in the last decade. Today its platform remains essentially conservative despite the growing strength of a young liberal movement within the party. Furthermore, the Democratic leaders in the legislature stand accused of supporting the Governor only when it was considered smart politics to do so.

As has been pointed out the Governor's position as a leader of legislation in New York under the present legislative system is at best a difficult one.[7] To personally force the enactment of his program by a legislature in which under the present procedure the possibilities of obstruction and delay are well-nigh infinite would require among other things almost superhuman ability. At least, however, the Governor's program as embodied in his administration measures should be brought out of committee and into the legislature as a whole where the force of public opinion can be brought into effective play. Until this step is taken we shall continue to have able and sincere governors who, while assuming the titular role of chief director of legislation, are, nevertheless, but forty-five per cent efficient in the results obtained.

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[7] See "Legislative Oligarchy Handicaps New York Governors," NATIONAL MUNICIPAL REVIEW, May 1934.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

National Housing Act.—As this issue goes to press we learn that the President has signed the national housing bill, providing for a comprehensive program of home financing, mortgage insurance, etc., and a national housing administrator appointed by the President. An article on the subject will appear in an early issue of the REVIEW.

*

New York Charter Commission Makes a Good Start.—At its first meeting, on May 25, the New York City Charter Revision Commission made three decisions of major importance:

1. To prepare a charter in time for submission to the voters at the regular election this fall;

2. To make the charter a brief document of fundamental principles;

3. To ask the governor to call the legislature in special session to pass a constitutional amendment permitting or requiring the consolidation of the city's five county governments with the city.

These actions were taken with little opposition at the suggestion of the commission's chairman, Alfred E. Smith. The governor has since promised to accede to the commission's request and call the legislature in special session about July 10. Passage of a constitutional amendment by the special session and again by the regular session next year would permit the amendment to go to the voters in November 1935. Otherwise it could not be voted on by the people until November 1937. The commission has prepared a draft of an amendment that removes the requirement in the constitution that sheriffs, county clerks, and registers shall be elective and empowers the city by local law to abolish sheriffs, registers, and the statutory offices of commissioners of records and public administrators and assign these functions elsewhere; the county clerks and commissioners of jurors are made appointive by the appellate division of the supreme court. District attorneys, now separately elective in the five counties, are left untouched.

The commission organized by the election of Samuel Seabury as vice-chairman and Mrs. Mabel B. Wyeth, president of the Women's National Republican Club, as secretary. The chairman was named in the law. As we go to press the important post of counsel has not been filled, the duties of the position being ably discharged for the time being by Assistant Corporation Counsel Reuben A. Lazarus, who has been assigned by the city government to the commission to assist in its work.

Hearings have been held on the city manager plan, proportional representation, borough government, etc., which have brought out a gratifying unanimity of civic support for the main principles of the seventeen-point program of the Civic Conference of New York City, described in last month's issue. The program is based on a single-house legislative body, proportional representation with borough-wide districts, the city manager plan, and a scheme for meeting the troublesome question of borough autonomy by borough councils and borough offices under central city control.

These principles have been endorsed by the Citizens Union, the Merchants Association, the League of Women Voters, the City Affairs Committee, the Women's City Club, the New

York League of Business and Professional Women, and the City Fusion Party, with the prospect that many other groups will endorse them before this note appears in print. Walter J. Millard, field secretary of the National Municipal League, who has been speaking nightly in a charter educational campaign for the Citizens Union, reports an eager response from all parts of the city.

Since this note was prepared the charter commission has made its first decision of major importance regarding the provisions of the charter. This was a snap vote, without discussion, to have an elective chief executive instead of a city manager.

RICHARD S. CHILDS

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City Manager Developments.—Flint, Michigan, on June 4, defeated an attempt to supplant the city manager plan with a strong mayor charter, by a vote of three to one. It is evident that the manager plan has proved satisfactory to the voters of that city.

Hillside, N. J., on June 12, defeated a proposal to adopt the manager plan by a vote of 2,174 to 1,029.

Petitions calling for a vote on the manager plan have been circulated in Paterson and Passaic, N. J., and similar action is expected in Milburn and Montclair in the same state, where Clifton is now working on a reorganization under its recently adopted city manager charter. In Norwalk, Conn., the charter commission, after eight months of study, voted to prepare a council-manager plan for submission to the voters this fall. It is expected that a referendum on the manager plan will be held in Schenectady, New York, in September.

*

Two New Municipal Leagues Formed.—Arkansas and South Dakota cities have banded together to form two new state leagues of municipalities, according to announcement of the American Municipal Association.

Representatives of Arkansas cities met at Little Rock early this month, to organize the Arkansas Municipal League, electing as president Mayor U. E. Moore of North Little Rock.

The League of South Dakota Municipalities was organized at Huron, on June 12. Mayor W. A. Rothschild of Madison is president of this association of cities, and Dr. G. R. Breckenridge of the University of South Dakota is secretary.

Both of the new leagues will have the coöperation and the use of facilities of their respective state universities.—*News Bulletin,* Public Administration Clearing House.

*

Milwaukee City Club Twenty-five Years Old.—The City Club of Milwaukee, Wisconsin, celebrated its twenty-fifth anniversary at its annual meeting on May 22.

Indicative of the civic activities of the club are the following excerpts from a summary of the work of the year ending in May 1934:

> The committee on county policies has been studying the organization of the government of the county of Milwaukee and possible changes, looking toward an improvement in the form of organization. The preparation of the material is in the hands of a subcommittee.
>
> The committee on public finance organized its work for the year under special topics assigned to subcommittees: state taxes, proration to governmental units; current cash situation of the city of Milwaukee; annual budget and tax levy; tax redemption certificates and allied paper; delinquent taxes; projects for public works to be financed by federal appropriations.
>
> The committee on city planning has devoted much time and effort during the year to the project of having the city adopt a master plan. Toward that end it has prepared a report, "The Value to Milwaukee of a Comprehensive City Plan," and has interviewed and conferred with city and county officials.
>
> A study of the consolidation of local governments and functions in Milwaukee County is under way, conducted by an official committee appointed by the president of the common council and the chairman of the county board, "The Joint Committee on Consolidated in Milwaukee County."

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The Movement Towards State Planning.—The purposes and extent of the present activity as to state and national planning are set forth in a statement in the March-April *Planning News and Notes* of the Massachusetts Federation of Planning Boards:

> Reacting towards the move for state and national planning, thirty-seven states have taken temporary action and a number of them have established a permanent set-up. To get the work started the National Planning Board has assigned planners to act in an advisory capacity in the early stages.
>
> A statement of the purposes of the Los Angeles County Planning Commission, the oldest of this form, gives a good clue as to the purposes of such a movement. These

purposes are in many ways identical with the needs of all the states and with the country as a whole. Among these purposes are to study the problems of the county as they affect traffic conditions, parks and parkways, residential and industrial districts, flood control, subdivision regulations, and all related matters as they may affect the orderly growth and development of the region as one large commonwealth. Based on its studies, the board is to make definite recommendations to the county legislative body for the solution of problems as they arise or may be anticipated, and advise with this body and with other officials with a view to efficiency in all lines and to the coordination of all activities. A further provision is that the board shall seek to interest municipalities and other political subdivisions in a joint effort to understand and solve the problems of development common to the units involved.

Basic in this field of work is the need of budgeting and scheduling activities. Owing to an unbalanced method some types of activity are pushed unduly while others are retarded to the great detriment of the region.

*

Voting Activity and Costs.—The Civic Research Institute of Kansas City, Missouri, recently took occasion to compile statistics on the percentage of votes cast to the adult population of twenty-two cities, making the 1932 presidential election the basis, as an election that aroused great interest. The results are presented in the May 31 issue of the Institute's *Public Affairs.*

The vote cast is as secured by the Institute from the election authorities in the cities. Every large city which gave information on the vote cast is included. The cities are arranged according to the percentage which the vote cast is of the population.

Population over 21* in 1930 and Vote Cast for President, 1932, in Large Cities

	Population over 21*	Vote Cast	Percentage Vote Cast of Population
Kansas City (city election 1934)	274,223	223,015	81
Kansas City	274,223	220,092	80
Jersey City	171,908	126,440	74
Denver	189,321	139,373	74
Chicago	1,944,454	1,423,074	73
Rochester	192,334	138,930	72
Providence	135,505	97,222	72
Oakland (county)	297,052	204,225	69
Los Angeles	824,037	548,232	67
Minneapolis	293,210	196,977	67
Boston	412,483	270,149	65
Buffalo	328,530	215,555	65
St. Louis	536,483	349,870	65
Seattle	233,110	147,311	63
Milwaukee	338,311	209,983	62
Detroit	801,256	453,820	57
Newark	227,262	127,939	56
Cleveland	473,557	257,122	54
San Francisco	419,648	227,283	54
Columbus	191,168	98,107	51
Pittsburgh	385,402	161,239	41
Toledo	180,590	96,785	54
Philadelphia	1,153,845	615,536	54

*Not including aliens or persons with first papers only.

In the May 24 issue of *Public Affairs* were also presented the following as the latest available comparable costs of elections and registrations in cities of 300,000 population and over, based on the Bureau of the Census report on "Financial Statistics of Cities" for 1930:

	Total	Per Capita
New York	$1,979,527	$.28
Chicago	2,300,479	.68
Philadelphia	1,392,111	.71
Detroit	420,538	.27
Los Angeles	262,731	.21
Cleveland	324,597	.36
St. Louis	114,460	.14
Baltimore	416,194	.52
Boston	315,391	.40
Pittsburgh	415,044	.62
San Francisco	251,694	.40
Milwaukee	143,466	.25
Buffalo	196,009	.34
Minneapolis	104,378	.22
New Orleans	48,514	.10
Cincinnati	286,972	.63
Newark	371,539	.84
Kansas City	363,310	.89
Seattle	176,246	.48
Indianapolis	95,604	.26
Rochester	166,747	.51
Jersey City	451,843	1.42
Louisville	66,290	.22
Portland	114,123	.38

*

Public Administration Service Expands.—Public Administration Service, joint agency of ten national associations of public officials organized to improve administrative standards of government, has announced entrance of two additional organizations into its group.

The American Society of Municipal Engineers, formed in 1894, and the International Association of Public Works Officials, formed in 1919, are the two new organizations.

A nation-wide congress of public works and engineering officials is announced by Public Administration Service as the first joint project of the two groups. This will take place in Rochester, N. Y., September 24-28.

Pressing problems faced by public works officials today will be discussed at the conference. A review of the efficiencies and deficiencies of CWA and of the present federal relief work program as related to cities will be a major subject of the congress.

Reflecting the changing scope of duties of the public works engineer, whose job at present is not so much technical designing as it is managing new public works services to cities, such as slum clearance, planning and work relief programs, the group will also discuss principles of public works management. Under this heading will come the organization of public works departments, public works budget and cost controls, and selection and training of people for the jobs.—*News Bulletin,* Public Administration Clearing House.

*

League of Minnesota Municipalities Issues Accounting Manuals.—The Committee on Accounting and Reporting of the League of Minnesota Municipalities, with Harold F. Goodrich, city comptroller of St. Paul, as chairman, and Fred W. Wilson, chief accountant of St. Paul, as vice-chairman, has worked during the past year on accounting methods and procedures in the smaller municipalities of the state. With the assistance of Carl H. Chatters, executive director of the Municipal Finance Officers' Association, Chicago, they have prepared two accounting systems that they think will be applicable to smaller municipalities in Minnesota. The first of these manuals is *Cash Basis Accounting for Small Cities and Villages of Minnesota.* The other manual is *A Uniform Accounting System on a Double Entry Basis for Cities and Villages with a Population Between 3,000 and 10,000.* This material is prepared and adopted as a tentative plan for a year's trial.

Ambrose Fuller, *Director*
League of Minnesota Municipalities

COUNTY AND TOWNSHIP GOVERNMENT
Edited by Paul W. Wager

Oregon — County Consolidation. — The question of the consolidation of Oregon counties has been raised recently by the publication in the *Commonwealth Review* (issues of January and March 1934) of articles by Professors W. D. Smith and Alfred Lomax, specialists in geography and business administration, respectively, of the University of Oregon staff. These articles have been reprinted in whole or in part by some of the papers, including the Portland press. In the introductory article Professor Smith analyzes the natural regions into which the state is divided and suggests that both for reasons of topography and natural resources, the present system of thirty-six counties should be displaced by governments more nearly coincident with the seven physiographic regions into which the state has been divided by nature. He analyzes the soil, climate, and other natural resources contained in each area and suggests the relationship of these factors to the social homogeneity of the areas. Professor Lomax continues the analysis by examining the resources, commerce, transportation, fishing, and agricultural activities of the eleven counties now included in the coastal region. Only three of the eleven counties would need to be partitioned if the area between the coast mountains and the Pacific were united into one regional government. The third article on this subject is promised for an early issue of the *Commonwealth Review.*

County Finance.—The state primary election of May 18 presented to the voters one referendum measure of vital bearing on county finance. This was a proposal to amend the constitution so that counties might refund their floating warrant debt by issuing serial bonds not exceeding twenty years in duration. The measure also stipulated that the counties must levy a special tax each year to provide for the payment of interest and principal after all delinquent tax money had been used for this purpose. This conversion would be made only after a county referendum, in which two-thirds of the voters participating sanctioned it.

The reason urged for this measure was the need to restore counties to a cash basis so that employees would not have to take heavy discounts on their warrants, and the county could purchase supplies without the heavy increase in price required by the warrant method of payment. This condition in county finance is chiefly due to the delinquent tax situation, delinquency running to over 70 per cent in some counties. However, the measure was defeated. This may have been due in part to the knowledge that part of the floating debt was created by bad business methods which antedated the present tax crisis. At different times in the past twenty years similar requests for issuing bonds to cover warrant debt have been made, and six counties have been given permission to clean up on their warrant debt in this doubtful manner.

There is another matter of county finance that will bear watching. This year for the first time the taxpayers in Oregon have been allowed a three per cent discount for paying their taxes in full on the date when the first quarterly installment falls due, March 15. A considerable number of payments in full were made. Although counties must remit to the state its share of the property levy, they need not send the second half until the autumn. Many counties have thus distributed to the local spending agencies that part of the full payment which ought to have been earmarked for the second payment to the state.

This is likely to cause serious difficulty in meeting the state obligation when the second payment falls due.

Higher County Levies.—The state treasurer has recently released a statement indicating that the tax levies for 1934 for local purposes, other than city and school district, are distinctly higher than for 1933. The total levy for these purposes, averaged by counties, was 19.03 mills for 1934 as compared with 16.67 for 1933. In sixteen of the thirty-six counties the levy ran from 20.67 to 27.10 mills. The largest single item in the increase is the levy for county general, fund which jumped from 4.61 to 6.14. The chief explanation for the increase is the tax delinquency situation, which requires higher rates from those who do pay their taxes, in order to scrape along.

CHARLES MCKINLEY

Reed College

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New Jersey—State Control of County and Municipal Expenditures Proposed.—The present session of the New Jersey legislature has under consideration a measure which will, if adopted, result in state control of county and municipal expenditures. Senate bill No. 214 purposes "to bring about a reduction in future general property tax levies by limiting the amount which may be lawfully appropriated for current expenses by any local government (including counties) and thus to insure that any new revenues which may be provided by new forms of taxation shall actually reduce the amount raised by general taxation and shall not increase funds available for expenditure." A mandatory reduction of 25 per cent of the 1930 budget as a base figure is the method proposed. Exceptions to the rule will be granted at the discretion of the commissioner of local finance (Walter R. Darby) and the practical effect will be to make the commissioner a czar of local government, since control of the purse gives practical control of the functions of government.

Passage of this bill seems improbable during the present session due to the political campaigns involving the sales and income tax proposals which are by implication tied up with this bill. However, it seems reasonably certain that some similar measure will be enacted within a year.

County Manager Bill.—A county manager bill has passed on second reading in the senate and is slated for enactment before the close of the session. The county manager plan, however, is largely an academic question in New Jersey as no influential movement looking toward its adoption has been launched in any of the twenty-one counties of the state. The New Jersey Taxpayers Association is backing the bill and its passage might encourage and instigate an organized movement for this reform in one or more counties.

Financial Measures.—Financial measures enacted by the present legislature to aid counties include: (1) an act permitting counties to stagger the deficits of preceding years in their budgets, provided at least one-fifth of the total deficit be included; (2) an act providing facilities for refunding debts at a lower interest rate or postponing amortization where the bondholders accept the proposal; (3) acts enabling counties to borrow federal money for the construction of toll bridges and to maintain county parks developed with federal aid.

C. R. ERDMAN, JR.

Princeton University

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Georgia — Commissioners Memorialize Legislature to Aid Counties.—The April session of the Institute of Public Affairs of the University of Georgia, Athens, was given over entirely to the executive committee and members of the Georgia County Commissioners Association under the direction of Tate Wright, secretary of the association. Professor Paul W. Wager was the only speaker who was not a Georgia state or county official.

Plans looking toward a revision of the tax system and the readjustment of state and local functions were discussed.

The County Commissioners Association and the County and Peace Officers Association which met in Macon and Columbus, respectively, the third week in May, spent most of the time discussing the problems raised at the Georgia Institute. The central theme of all three meetings was the terrific increase in local tax rates in Georgia brought about by shifting state responsibilities and functions to the locality.

Those participating in round table discussions at all three meetings were unanimous in demanding that the state either completely finance roads, schools, and health services or allocate funds back to the county to cover the cost. Counties now spend twice as much as the state for these three functions although the county has to rely almost entirely upon the general property tax for revenue. The Macon and Columbus meetings memorialized the general assembly to adopt other forms of taxation and allocate sufficient funds back to the counties and subdivisions to finance the three functions mentioned above. Classification of property with varying rates on intangibles, the general sales tax, extension of income tax and a combination of all these were suggested, but no definite proposals were recommended. The press of the state has responded favorably to the program above and there has been some favorable expression of opinion from candidates for the general assembly.

Public Debt.—County officials are concerned about Georgia's indebtedness. State officials boast of the low bonded indebtedness of the state, $4,500,000. However, up to 1932 the counties had bonded themselves to the extent of $25,700,000 to build roads on the strength of a promise by the state to repay them out of the gas tax "after the state road mileage is completed." After fifteen years that joker was finally removed by the 1931 legislature, which agreed to repay the "principal only" starting in 1936. Add to the two figures above a county indebtedness of $25,600,000, mostly for school purposes, and the total reaches $55,800,000. The indebtedness of all governmental units including cities is around $87,000,000.

J. Thomas Askew
University of Georgia

North Carolina—Property Tax Relief.—In four years property taxes in North Carolina, outside of cities, have decreased about 60 per cent. In 1929 the combined levies of the counties and school districts amounted to $45,711,000. This sum was levied on a valuation of $2,971,000,000, thus the average rate was 1.54 per cent (15.4 mills).

Two years later, after the state had assumed the maintenance of all roads and an increased share of the school burden, the corresponding levies were $33,221.000. The assessed value of property was $2,830,000,000, hence the average rate was 11.7 mills.

Two years later (1933-34), after the state had assumed the entire cost of operating the public schools for a term of eight months, the tax burden on property was still less. County tax levies, including county-wide levies for school debt and capital outlays, totaled only $18,360,885. This sum does not include debt service levies of school districts smaller than a county nor small supplementary levies in seven districts which voted a special tax. These district levies possibly aggregate a million and a half dollars, but are borne mainly by urban property. Since the state imposes no property tax most rural property is subject to no tax except the county-wide levy. Despite the fact that the assessed value of property had shrunk to $2,089,000,000, the average county tax rate in 1933 was only 8.8 mills. In 53 counties the rate was 10 mills or less, in 28 counties between 10.1 and 15.0 mills, and in 19 counties above 15.0 mills. The lowest rate was 3.6 mills and the highest, 22.3 mills. The total amount paid by the state for the operation of the schools was $15,967,976. Had it been necessary to raise this additional amount from a tax on property the average rate would have been 16.4 mills.

Paul W. Wager
University of North Carolina

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California—Township Consolidation in Los Angeles County.—Los Angeles County has just taken its first step toward sweeping changes in its local government, looking toward a saving in township government costs and elimination of duplication of functions. On May 18 the board of supervisors voted to consolidate forty-six townships into twenty-four, thus eliminating twenty-two such districts and a like number of justices of the peace.

The ordinance will become effective January 1 of next year. According to officials of the County Bureau of Efficiency, who have been working on the consolidation plan for some time, an annual saving of $100,000 to taxpayers is anticipated.

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Indiana—First Steps Toward Local Reform.— As a result of current economic conditions, there is gradually developing among the citizens of Indiana a widespread and vigorous interest in the problem of reforming local government. While numerous civic organizations and a substantial section of the press are becoming more and more insistent in their demands for reform, the most significant evidence of the growing sentiment in favor of change is to be found in certain enactments of the general assembly in its last two sessions.

By an act of the special session of 1932, all township roads in the state were transferred to the respective counties to be maintained as a part of the county highway system. Thus was taken from the Indiana township one of its three chief functions, leaving to that unit of local government only the administration of outdoor poor relief and the management of the township schools.

In the regular session of 1933 another act was passed which abolished the elective office of township assessor in all townships having a population of five thousand or less, transferring the duties of assessor in such townships to the township trustee, to be performed by that official without any addition to his compensation. This act, while it will in no way mitigate the evils inherent in the use of small areas as assessment districts, will reduce by one the number of elective officials in 924 of the state's 1,016 townships and may, perhaps, result in a small saving in the cost of assessment.

Another step of a distinctly forward character was taken in the enactment in 1933 of two statutes which placed prosecuting attorneys and most county officials on a straight salary basis. This act went a long way toward eliminating the fee system which, with its recognized evils, had long been widely prevalent in this state.

Although these various statutes are, to be sure, but small beginnings, they are significant as indicating that the demand for economy and efficiency in local government has progressed to such a point that the general assembly has seen fit to take definite, though as yet minor, steps toward reform. Especially in the matter of township government is the trend significant. In view of the political power of the township trustees and the inherent conservatism of the people, it will doubtless be impossible to bring about the abolition of the township in the near future. But it seems quite possible that the recent statutes with respect to township roads and township assessors may mark the inauguration of a policy of gradually reducing the number of township functions and officials, which policy, if consistently pursued, will result in the emasculation of the township to a point where it will be rendered innocuous or where, perhaps, the opponents of change may ultimately be forced to acquiesce in its abolition.

It should also be mentioned that the Indiana State Committee on Governmental Economy, recently appointed by the governor under legislative authorization, is studying the county and township, as well as other units of government, for the purpose of making recommendations to the governor and the general assembly.

Clyde F. Snider

Indiana University

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Tennessee — Financial Irregularities of Counties Presage Governmental Reform.— A check-up by state auditors has revealed shortages in the accounts of 87 out of 129 Tennessee county officials examined since January 1, according to an article in the *Memphis Commercial Appeal* of June 19, by Hilton Butler, staff correspondent. The shortages are stated to amount to $204,752, with $150,000 of the total in East Tennessee. Some of the shortages were of small amounts, readily made good by the responsible officers or their bondsmen, and not attributed to anything but carelessness or simple ignorance about the handling of public funds. Other discrepancies are of more serious character.

The revelations will, no doubt, result in improvements in county legislation, particularly as to bonding requirements and the present ninety-day period of grace. It is to be hoped that a more comprehensive form of county reorganization will also be evolved.

H. M. Olmsted

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Dallas Forecasts Probable Financial Needs and Revenues.—An interesting financial analysis has been prepared by City Manager John N. Edy and Assistant Director of Finance Stuart Bailey, of Dallas, Texas, for the guidance of the city council in formulating its financial policy for 1934-35 and subsequent years. This administration inherited nearly three million dollars in overdrafts, either as funded debt or as debt which had to be funded, when the manager plan went into effect in 1931. So far it has been able to keep on a cash basis, ending the fiscal year 1931-32 with a balance of $200,777, and the year 1932-33 with a balance of $166,931. During the first half of the current year tax receipts have been $124,018 in excess of estimates, and expenditures $226,551 less than estimated. The administration has based its expenditure program on an anticipated collection of 85 per cent of the tax levy.

The study reviews the tax history of Dallas since 1900, showing that in the period per capita costs increased from $9.31 to a peak of $27.00 in 1930, falling to $26.65 in 1933. The 1900 tax rate was $1.65, that for 1930 and 1933, $2.43. But in 1930 the ratio of assessed valuation to so-called true valuation was 45 per cent, while in 1933 the council reduced the "true" valuation by 15 per cent, thus making the effective ratio for the fiscal year 1933-34 actually 40.25 per cent. It is this reduction in the tax base, without corresponding and compensating increase in the tax rate, which called forth the analysis.

Naturally the reduction in valuation has inevitably been reflected in the amounts available for general fund expenditures. Of the per capita levy in 1900 the general fund received $3.39, while $3.67 went for debt service. In 1920 the general fund received $13.90, and debt service took $3.72. In 1930 the general fund received $10.92, debt service $6.36. But in 1933 the general fund received only $6.86, while debt service took $7.63. The report points out that the shrinkage in the general fund is largely caused by the fact that, though the city has consistently followed a bonding program formulated in 1927 by the Ulrickson committee, it has at no time followed the same committee's plan for financing the bonds issued, with the result that the financing has been done by successively cutting into the general fund.

To demonstrate the results of following the present policy, a "reasonable and minimum" financial program for the next five years is outlined. Debt service on bonds already authorized, debt service on a minimum capital outlay program, incidental expenditures of an extraordinary nature falling within the next few years, and minimum operating costs (including those for necessary replacements and maintenance), are set up. It is also proposed to restore salaries and wages to their pre-cut level, this being deemed advisable to bring salaries into line with the prevailing private schedules and as in keeping with the national recovery program.

Comparing the financial requirements of this program with the probable revenues resulting from a continuation of the present policy in regard to tax rate and ratio of assessments to true valuations, it is shown that "deficits" would be incurred over the period as follows: 1934-35, $846,595; 1935-36, $932,492; 1936-37, $934,277; 1937-38, $809,543; and 1938-39, $718,143.

Increase in the tax rate by adding 7 cents to that for the general fund would increase that fund approximately $150,000, on the present basis of assessment. By restoring one half of the 15 per cent assessment cut of 1933, the general fund would be increased $211,000. Assessing on the basis of 50 per cent of true valuation would increase the general fund by $356,000, while assessing on a 55 per cent basis would increase it by $712,000. New revenues, from charges for garbage collection and sewerage service, purchase of gasoline outside the state to avoid payment of state tax, a filling station benefit tax on sidewalks, and taxicab licenses, would total a minimum of $479,500, and by doubling the garbage collection charge, $200,000 more. These additional revenues are not specifically recommended, but are cited as possible sources for overcoming the "deficits." In this connection the survey says:

> The foregoing does not lead us necessarily to the conclusion that additional funds as represented by the "deficits" must be provided. Rather, the conclusion is that unless additional funds are available approximately as shown, it will not be possible to finance the [proposed] capital expenditures and the extraordinary expenses listed; and it will not be possible to finance, on a safe

and reasonable basis, the operating needs of the municipal service.

The study presents graphically some of the difficulties encountered in giving taxpayers "relief" by reducing assessed valuations, though it is not typical in that the city of Dallas is operating on a cash basis, with comfortable surpluses, and unimpaired credit standing. But when literally hundreds of American municipalities are struggling with financial problems of an immediate nature, it is significant to note that a "sound" city finds it advisable to count its pennies well into the future. The conclusion is unescapable that really business-like administration doesn't wait for crises to develop; it foresees them and is prepared.

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Newark Arranges Financial Relief.—Tax anticipation and tax revenue notes totaling $9,050,000 have been sold by the city of Newark, New Jersey, as the first steps under a financial program arranged by Norman S. Taber & Company, New York, financial advisers to the city, which will secure financing for the requirements of the city for the rest of 1934 totaling $24,000,000. With the proceeds of the sale the city will pay off 1933 taxes owed to Essex County and the state netting about $5,500,000. Another $2,600,000 will be used to liquidate notes held by New York banks, leaving about $950,000 which, added to current tax collections and collections from arrears, will enable the city to meet its payrolls and other current expenses. The interest rate on the tax anticipation notes will be 4 per cent, the lowest the city has obtained in more than two years.

By the arrangement undertaken between the board of commissioners and Norman S. Taber & Company late in May, the city virtually places itself, so far as its finances go, in its advisers' hands. The city undertakes to hold a sale for 1933 delinquent taxes on or before December, 1934; agrees to pay no 1934 state or county taxes until some $7,000,000 in planned new loans maturing in November have been paid; must set up a special fund into which current and back taxes will be paid until the $7,000,000 has been assured; and agrees to undertake no other borrowing during 1934 except as laid out in the financial program of the advisers.

It will be recalled that Newark, in company with many other New Jersey municipalities, has had the major portion of its financial difficulties caused partly by poor tax collection procedure which encouraged high delinquency, and partly by budget practice which encouraged cities to borrow in anticipation of taxes without regard to the extent of delinquency. Early in the year the city was unable to meet the requirements of a banking syndicate which proposed a revolving fund contingent upon certain fiscal reforms, the chief of which were denied by the state legislature in refusing enabling law. The tax rate for 1934 is $3.65, 28 cents more than in 1933.

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Municipal Bond Offerings Increase.—Offerings of state and municipal bonds, excluding short term notes, as of the month ending the first week in June, totaled $64,317,754, the largest monthly offering since June, 1931, according to figures compiled by *The Bond Buyer,* New York. Offerings a year ago were $43,877,215, and in 1932, $65,839,075. The corresponding total for 1931 was $105,482,112, the largest offering in any month that year. The weekly average for 1934 as of June 9 was $18,159,172.

The Bond Buyer's index of municipal bond values (the result of averaging the market value—as expressed in "basis"—of bonds of twenty large cities on the first of each month) was as of June 1 4.17 per cent, as compared with 4.27 per cent a month earlier, 4.56 per cent two months earlier, 5.35 per cent a year ago, and 4.26 ten years ago. The high for the period 1910-1933 was reached in June 1931 when the index price was 3.74 per cent, and the low was reached in May 1933 when the index price was 5.69 per cent. It is to be noted that the lower the "value" as expressed in the basis, the higher the price.

The increase in bond offerings, as well as the improvement in bond prices, indicates quite definitely a continuation of the improvement in the financial standing of the majority of American cities. Economic improvement has of course been partly responsible, as have improved tax collections and the progress made in refunding and other rehabilitation programs on the part of formerly distressed municipalities.

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Massachusetts' Policy Secures Good Tax Collectors.—Speaking recently before the Chamber of Commerce of the United States at Washington, Commissioner of Corporations and Taxation Henry F. Long of Massachusetts told how, by bonding tax collection officials, the state secures satisfactory tax collections. He said in part:

> The law requires that the bond each collector files shall be in an amount determined by the Commissioner of Corporations and Taxation. We determine the size of that bond on the basis of the levies of the three preceding years plus the experience of that particular community in tax collections. That bond runs to two things, first, the faithful performance of his duty as a collector, and second, the collector's honesty in turning over the taxes.
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> A good many of our communities have had collectors who have not been faithful in the performance of their duties. There has been successful suit on bonds for recovery where the collector has not exercised the full statutory remedies given and proceeded to collect. Since the introduction of our surety company bond and the care which the bonding companies take to ensure local taxes being collected, we have got rid of a substantial number of people who were not by nature good tax collectors.
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> Each of the 355 deputy collectors of taxes also has to be approved by our office before his appointment takes effect. These deputy collectors also furnish a bond from a surety company. The policy of having these deputies approved by our office has developed something of a professional ability to collect taxes and to approach the taxpayer without putting him in jail, but convincing him that he should pay his taxes.

Massachusetts law has, since 1642, permitted the jailing of any person for nonpayment of taxes. The power has been judiciously used, with the result that probably no state stands higher today in the percentage of current collections secured on time.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

P. R. Before the New York City Charter Commission.— One of the eleven committees set up by the New York Charter Revision Commission is a committee on proportional representation. Alfred E. Smith, the commission's chairman, has appointed Norman Thomas, Socialist candidate for president in 1928 and 1932, chairman; Mrs. Alice Campbell Good, Democrat; and George Brokaw Compton, Republican.

At the first public hearing of the committee, on June 14, Mr. Thomas definitely forecast a recommendation that a P. R. plan be submitted to the voters in the fall. Only one person appeared in opposition to P. R., while representatives of the Citizens Union, the Merchants Association, the City Affairs Committee, the League of Women Voters, the Women's City Club, and the Socialist Party, and David L. Klein, Republican member of the Board of Aldermen, apeared in its favor, all urging the Hare system used wherever the principle is in effect in English-speaking countries. Robert Minor for the Communists opposed the Hare system and favored a P. R. system with party lists.

George H. Hallett, Jr., and Walter J. Millard were called first to describe the various possible applications of P. R. and its effects in Cincinnati, followed by Rabbi Stephen S. Wise.

Though neither of the major parties was officially represented at the hearing, P. R. is one of the four immediate objectives of a citizens' committee to aid in the rehabilitation of the Republican Party in New York County, organized this spring under the leadership of the new Republican county chairman, Chase Mellon, Jr. P. R. has also been unanimously endorsed by the charter committee of the City Fusion Party, organized to assist in the successful fusion movement last fall.

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Toledo Launches a New Kind of Campaign.—A citizens' charter committee has been formed in Toledo to secure a new city charter patterned after the successful charter of Cincinnati. The charter has been drafted and circulation of petitions is under way. With the present city government spending 80 per cent of the year's revenues during the first six months, prospects for the adoption of the new charter this fall are considered very good.

The charter provides for a council of nine elected by the Hare system of P. R. from the city at large on a nonpartisan ballot. The council would choose a city manager, a mayor (president of council), a vice-mayor, and an auditor. The salary of councilmen is fixed at $3,600. The charter would take effect January 1, 1936, except for certain preliminaries such as the election of the council by P. R. in the fall of 1935.

The most unique feature of the campaign is the part being taken by the graduating class at the University of Toledo with the assistance of their political science professor, Dr. O. Garfield Jones. The *Campus Collegian*, student publication of the University, explains the situation:

> Lacking funds with which to dedicate a more tangible gift to the University of the future, the present senior class votes instead to contribute its organized support to the city manager campaign in Toledo. . .
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> But the memorial will not be one "left behind." The city manager issue is yet an issue of the future. The present class and alumni must move forward to meet that issue. Having met it well, they will have made the best and most enduring contribution—service given where needed most—to their community.

The *Toledo Blade* of May 30 quotes this editorial with approval and adds: "All of the world's great men are famous, not for gifts of substance, but for service and achievement. So it may be in the future with college graduates. The University of Toledo class of '34 establishes a splendid precedent in dedicating a memorial of service to the city." And the *Toledo News-Bee* of May 28th: "This sort of a human, living gift of itself to practical community service by a college class is an encouraging sign of the times. It indicates a new alertness to the place of the college man in the social and political life of his community."

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Action in Boston Postponed.—The Boston charter commission's proposals to make P. R. optional for Boston by petition and popular vote, described by Herman C. Loeffler, secretary of the Boston Municipal Research Bureau, in the P. R. department of this *Review* for March, have been earmarked "next annual session" by the cities committee of the Massachusetts legislature. This action is considered somewhat more favorable than "no legislation necessary" or "leave to withdraw." Since the optional P. R. proposals would not have gone into effect until 1936 no time has been lost by this year's action.

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The Proportional Representation Society of Great Britain, 82 Victoria Street, London, S. W. 1, publishes an authoritative and informing annual report on the significant developments in the P. R. field in different parts of the world. The following excerpts are taken from the most recent report, published in May of this year under the title "The Safeguard for Parliamentary Government: Constitutional Reform."

Reform Proposals in Parliament.—The need for constitutional reform has been voiced during the past year by private members in both Houses of Parliament. Lord Salisbury, on 19th December, 1933, moved the first reading of a bill for the reform of the House of Lords, a bill prepared by a committee consisting, for the most part, of Conservative members of both Houses of Parliament. The Proportional Representation Society notes with satisfaction that the bill provides for the use of the single transferable vote form of proportional representation in the election of representative Peers.

In presenting the bill Lord Salisbury laid stress on the principle upon which he held the bill to be founded, that "the final, ultimate, conclusive authority in this country is the people." This principle is the key to all constitutional reform, and Mr. Holdsworth, M. P., in a parliamentary motion on electoral reform which he moved on 6th December, 1933, made it the foundation of his case in demanding a reform of the House of Commons, quoting with effect the words of the Prime Minister—"It is only in so far as this House really represents popular opinion that it is going to retain its authority."

Mr. Holdsworth's motion was in the following terms:—

> "That, in order to ensure in future Parliaments a greater correspondence between the strength of opinion in the country and representation in the House of Commons, it is desirable to reform the present system of parliamentary elections."

The motion was well debated. The serious nature of the arguments presented in support of proportional representation was recognised during the discussion, but the Government preferred for the time to keep the question open and the motion was, in parliamentary language, "talked out," that is, the discussion ended without a vote on the motion being taken.

Northern Ireland.—During the year, in June 1933, one-half the Senate of Northern Ireland was elected, and for this election the system of proportional representation was used. The Unionist majority obtained its due share of the seats, but in addition there were elected two representatives of the Nationalist minority and one Independent. Were this system used in Great Britain in the election of aldermen, the majorities in county and municipal councils would no longer be able to deprive minorities of their share of the aldermanic seats.

Proportional representation was also used in the election of the University members to sit in the House of Commons of Northern Ireland. In this election, an Independent Unionist secured one of the four places, a result again made possible by the use of the proportional system.

Irish Free State.—There appeared in the *Irish Times,* on 27th November, 1933, a remarkable letter from a dignitary of the Church of Ireland, the Rev. Canon Luce, Fellow of Trinity College, Dublin. This letter bears the stamp of an acute observer of the political life of his country, and from it the Committee record with warm appreciation the following extracts:—

> Proportional representation has been tried here for a number of years and has worked well . . . It has been the stabilising factor in our public life, the secret strength of our Governments. Our deputies, whether in office or in opposition, have felt, and have in fact been, really representative; for they have drawn their mandate from the widest possible area of consent. It is the people's will that the majority opinion should prevail. It is equally the people's will that the minority opinion should be considered. . .
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> The familiar proportional representation voting paper suits the situation of the voter . . .[It] gives him the biggest return for the trouble of voting. On it he can record not only his one choice, but also his several preferences. In fact he can put on paper a big piece of his political mind, giving effective expression to his wish, will, desire and consent . . .
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> Under the English system of voting, political landslides often occur. At such a time many of the outgoing Ministers and members are swept not only from office, but from public life. Could we, in a cool hour, desire such an event here? We have not the men to spare. We want more debaters, not fewer, more men of public spirit and experience, versed in public affairs, whatever their party politics . . .
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> To bring back here the English system of voting would be a retrograde, reactionary, and undemocratic step—one that would, I fear, be a step towards a dictatorship of a party or a person. Those who desire to abolish proportional representation convict themselves of desiring disproportionate representation—that is, of grasping at power without the authority of consent.

The occasion which called forth this letter was a clause in the draft programme of the new United Ireland Party, which proposed the abolition of P. R. This party, of which the leader is General O'Duffy, represents a consolidation of the Cumann na nGaedheal (Mr. Cosgrave's Party), the Farmer's Party, and other elements into a united opposition against Mr. De Valera. The proposal evoked a number of important declarations in support of P. R. Mr. Seamus A. Burke, B.L., T.D., a junior minister in Mr. Cosgrave's last administration, claimed that proportional representation alone had preserved democratic control of the Government in the Irish Free State. "The one mistake in the programme!" said Mr. Hugh Law in an article in the *Fortnightly Review.* Eventually, when the programme came before a national convention of the new party, the proposal to abolish P. R. was withdrawn, whilst every other item met with ready acceptance.

Another victory for P. R. was registered at the Annual Convention of Fianna Fail, where a resolution hostile to P. R. was also defeated. Mr. Sean Lemass, Minister for Industry and Commerce, stated the view of the Government. They continued to support P. R., as giving fair results to majorities and minorities. Further, said Mr. Lemass, "it had not produced any of the faults which theorists said should be ascribed to it. It had not given us a weak Government, or a conglomeration of small parties so that every Government must be a coalition." Mr. De Valera himself has at all times given consistent support to the principle of P. R. In the important local elections to be held in the Irish Free State in June, 1934, P. R. will again be used.

Canada.—In Canada, during the debates in the House of Commons on the Government's proposals for redistribution, Mr. Mackenzie King confirmed his declaration that proportional representation would be taken up by any succeeding Government of which he was leader.

One of the most remarkable elections in Canada during the year was that of the Provincial Assembly of British Columbia. The election was held under the old majority system. The Conservative Administration, which commanded as the result of the previous election 36 members in a House of 48, might have been expected, according to popular theory, to provide strong and stable conditions of government. In actual fact, the party, during its period of office, completely disintegrated, and in the election of 1933 the Premier and all the Ministers were defeated with the exception of the Attorney-General. Only one other member of the Premier's party was returned.

League of Nations Council.—The present method of electing the Non-Permanent Members of the Council of the League of Nations continues to give rise to dissatisfaction. The question was considered afresh by a Special Committee last year, whereupon the Government of Norway directed attention to the recommendations which it had made in 1927 for the use of proportional representation with the single transferable vote. A temporary solution has been adopted on the understanding that the question should be fully re-examined in or before 1936.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Cornell University.—Research work in local government has been undertaken by the department of agricultural economics and farm management of the New York State College of Agriculture at Cornell University because of the demands from individuals and groups throughout the state for information on this subject. Discussion concerning reorganization of county, town, and school district government in New York has led to a widespread need for factual information concerning these units of government.

The work of the College of Agriculture along these lines during the past three years has included the analysis of receipts and expenditures of counties, towns, and school districts, and the distribution of such information by the use of mimeographed reports and meetings throughout the state. Next year a course in the business management of local government will be offered as part of the curriculum.

The work of the College of Agriculture in this field of government does not conflict with the work in the Arts College, inasmuch as the work of the Department of Government of the Arts College is primarily in other fields of government. Much of our research work is done by graduate students working under my direction.

The following projects are now in progress:

1. Costs and services of local government in Tompkins County, New York. Includes a detailed analysis of local government in Tompkins County at the present time, as well as an analysis of governmental finances over as long a period of years as the information can be obtained from reports.

2. School costs and taxes in Tompkins County. Certain information on school costs and taxes in Tompkins County is available beginning with the year 1817. A detailed analysis of school financial affairs from that time until the present, together with a detailed study of the present school districts, is included.

3. Use and costs of farm-to-market roads. Includes the repetition of highway counts on different types of roads that were made several years ago, together with a cost account analysis of highway maintenance and construction by towns and counties.

4. Assessment and collection of property taxes in New York. Includes a study of assessment which has been made possible by the development of tax maps in certain areas and a study and appraisal of the entire system of the collection of delinquent taxes.

5. Preparation and use of tax maps. Maps showing individual properties with dimensions and acreages are not available in rural counties in New York. We are supervising the preparation of such maps in a number of counties and towns as TERA projects. It appears that such maps are absolutely essential to accurate assessment and collection of property taxes as well as for numerous other governmental functions.

6. Costs and taxes in rural New York counties. During the period in which research work has proceeded we have obtained detailed information on receipts and expenditures of a number of counties. We have been requested to assist a number of counties in solving their problems. Our work in this capacity has included work on reorganization of election districts, reduction of certain expenses, the installation of modern systems of bookkeeping, and the preparation of up-to-date financial reports for boards of supervisors.

7. Factors influencing tax delinquency in rural New York towns. As part of a federal

CWA project we were able to obtain data concerning each parcel of property which has become delinquent during the past five years in 250 townships in New York. It is hoped that we will be able to complete this study and determine the various factors responsible for variations in tax delinquency.

8. Factors influencing school costs and taxes. Our study of school costs and taxes includes several hundred school districts in different counties throughout the state and involves an analysis of receipts, expenditures, state aid, factors influencing costs per pupil, etc.

In the development of our work on local government we have worked in coöperation with local officials, many of whom are much interested in improving the administration of local government.

M. P. CATHERWOOD

*

New Haven Taxpayers, Inc.—The association has recently issued a report dealing with the reorganization, condensation, and popularization of the New Haven *Yearbook*. In past years this book has been very voluminous, and has contained a great deal of material of little value or interest. It was also a very expensive publication, particularly in view of the fact that only a small number of copies were printed. The association's typewritten report on the *Yearbook* was presented to the municipal officials concerned, and it is understood that the recommendations offered have been accepted. New Haven taxpayers will have a more interesting and readable report this year and at a smaller cost. A further result of this piece of work was the request of the president of the New Haven Park Commission for the assistance of the association in the formulation of the park report.

A survey of the operations in the tax collector's office is now in progress. Committees are also at work studying the assessor's office, the health department, and the office of the town clerk. The committee on the police department has recommended the installation of a police radio system. A complete report on the police department is now being drafted.

Paul Wilcox, director of the organization, reports a very considerable increase in the number of members and the addition of an assistant to his staff. A new folder describing the organization has been issued.

Des Moines Bureau of Municipal Research.—During the past year the Bureau has actively participated in the drafting and sponsoring of a number of important economy measures passed by the state legislature. In a recent bulletin to subscribers, the Bureau singles out for special mention the following measures with the passage of which it was most directly concerned:

The repeal of the law permitting any taxing subdivision to levy 5 per cent more than actually required in order to offset probable tax shortage. Heretofore an arbitrary 5 per cent increase in tax levies after budget hearings were over and without knowledge of the taxpayers, was permitted.

Several laws regulating traveling expenses of peace officers. Peace officers are now required to file the number of miles made on trips and furnish receipts for meals and lodgings. When a peace officer takes a prisoner to state institution by automobile, he is forbidden to charge railroad mileage for each person per trip, as was the practice. Also only one mileage can be charged when more than one legal paper is served on one trip.

A law making quadrennial instead of biennial real estate assessments. This saves the expense of requiring assessors to view and assess realty every two years.

Several laws simplifying tax procedure, making assessed and taxable values for taxation identical—thereby cutting tax rates by one-quarter and eliminating one set of assessor's books.

A law forbidding paid public officers from collecting witness fees. The previous practice was for peace and other public officials to collect fees for testifying before the grand jury or district court on their regular time.

Amendments to Police and Fire Pension Act. This act corrects practically all the fire and police pension shortcomings, and places pensions for new men on actuarial reserve basis. It will save $30,000 annually in Des Moines over a period of years by reducing the city's contributions to fire and police pensions and increasing new men's contributions.

The Bureau also helped to draft the report and bills for the first interim legislative committee on reduction of public expenditures which succeeded in passing over forty of the seventy-five economy acts it recommended to the 45th General Assembly, some of which are included in above.

Chicago Civic Federation and Bureau of Public Efficiency.— The Federation has just issued a bulletin dealing with the vitally important matter of revising the provisions of the Illinois constitution relating to taxation. Students of government in Chicago and Illinois are in general agreement on the point that the greatest single obstacle to progress in the improvement of government in this state is the state constitution, and that the revenue article of the constitution presents the greatest difficulty. In November citizens will vote on the question of calling a constitutional convention. The Federation's bulletin is therefore extremely timely.

The recommendations cannot be outlined in detail here but the more important suggestions are: permit classification and special treatment of real property, personal property, and mineral and forest lands; fix an over-all tax limit of 1.5 per cent, exclusive of levies for debts and judgments, and permit levies in excess of the limit by majority vote of the electorate or two-thirds vote of the legislature; permit the enactment of a state income tax provided the highest rate does not exceed three times the lowest rate, the maximum exemption does not exceed $2,000, and 75 per cent of the revenues from such a tax are distributed back to the local governments of the state; establish an over-all debt limit for local governments of 12.5 per cent of full cash value of the real estate within such areas; and establish necessary machinery for allocating revenues which can be collected within the over-all tax limit.

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Brookings Institution.—The Institute for Government Research under the direction of Arnold Bennett Hall has a number of important research projects under way.

A. C. Millspaugh is conducting a study of public welfare administration with particular reference to states and localities but with due regard to their relation with the federal government. This will be ready for the printer by the first of March, 1935.

F. F. Blachly is now working on the reorganization of the sublegislative and quasi-judicial activities of the federal government, looking towards a series of constructive recommendations for the establishment of a system of administrative courts based somewhat upon the European practices. This study should be completed by early fall. Mr. Blachly is also bringing to completion a legal and philosophical study of the legal liability of the state and its agents. This should be completed some time before the end of the year.

L. F. Schmeckebier is preparing a handbook of the federal emergency organizations which should be finished some time during the summer. This is a purely descriptive account of the various administrative boards and offices that have been set up during the emergency, their relation to other boards and offices, a brief statement of their powers and functions, and an outline of their administrative set-up. Mr. Schmeckebier is also undertaking preparation of a critical study of the principles of veterans' administration. This study will probably not be completed for another year.

H. P. Seidemann, as soon as he completes his work with the Agricultural Adjustment Administration, will begin a study of the administration of the AAA, which should be ready for publication by the end of the year.

The other members of the staff are spending most of their time in trouble shooting in various kinds of confidential missions for the federal government, or have been loaned to the federal government.

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Governmental Research Reports Received Since March 15, 1934.—

A Study of the Municipal Auditoriums of Buffalo. Buffalo Municipal Research Bureau, June. Mimeographed, tables, 20 pp., 50 cents.

Reducing Boston's Fire Department Costs by the Elimination of Four Engine Companies and Two Ladder Companies. Boston Municipal Research Bureau, June. Mimeographed, charts, 25 pp., 50 cents.

A System of Cost and Expense Accounting for Public Institutions of the City of Cincinnati and the County of Hamilton. Cincinnati Bureau of Governmental Research, February. Report No. 57. Mimeographed, tables, charts, 84 pp.

A Bibliography of Municipal Accounting. National Committee on Municipal Accounting, 850 E. 58 St., Chicago, May. Bulletin No. 3. 14 pp., 25 cents.

A Municipal General Ledger and Principal Supporting Records. Walter O. Harris, Municipal Finance Officers' Association, Chicago. Publication No. 2. 50 cents.

Tentative Outline of a Suggested Procedure for a Detailed Municipal Audit. National

Committee on Municipal Accounting, Chicago, May. Bulletin No. 2, 26 pp., $1.

Charter Revision for the City of New York. Division of Research in Public Administration, New York University, Washington Square, N. Y. C., February. 86 pp.

A Report of the Survey of the Management and Finances of the Government of Hamilton County, Tennessee. Tennessee Taxpayers' Association, Nashville, April. Mimeographed, tables, 152 pp., $2.

The Cost of the Administration of the Courts in the City of New York; a Factual Study. Citizens Budget Committee, 350 Madison Ave., N. Y. C., December. Mimeographed, tables, 143 pp.

A Survey and Report of the Office of the Clerk of Courts of Hamilton County, Ohio. Cincinnati Bureau of Governmental Research, February. Mimeographed, tables, 77 pp.

Municipal Scrip. American Municipal Association and Municipal Finance Officers' Association, 850 E. 58 St., Chicago, May. 17 pp, 25 cents.

Proceedings of the Governmental Research Association, 1933. Mimeographed, 50 pp., $2.

Does Massachusetts Pay Too Much for Local Government? Thomas L. Hinckley, Massachusetts Federation of Taxpayers' Associations, Boston, December, 1933. Mimeographed tables, 23 pp.

Brookline's Financial Program for 1934. Brookline Taxpayers' Association, Brookline, Mass., March. Mimeographed, tables, charts, 16 pp.

The Cost of Local Government to the Citizen of Cincinnati. Cincinnati Bureau of Governmental Research, February. Report No. 55. Mimeographed, charts, tables, 59 pp.

Cincinnati's Government; a Bibliography. Municipal Reference Bureau, Cincinnati, February. Mimeographed, 2 pp.

Municipal Electric Plant Managers; Their Selection, Training, Salaries, and Tenure with a List of Municipally Owned Plants in the United States. Edna C. Macmahon, Public Administration Service, Chicago. Publication No. 38. Tables, 40 pp., 60 cents.

The Story of Pensions in New York City. Citizens Budget Commission, 350 Madison Ave., N. Y. C., January. Charts, 24 pp.

Municipal Paving (or Asphalt) Plants. American Municipal Association, Chicago, February. Report No. 82. Mimeographed, tables, 2 pp., 25 cents.

Cost of Living and Price Trends and Their Relationship to Salaries Paid to Employees of the State of New York. Daniel E. Bellows, Association of State Civil Service Employees, Albany, November. Charts, 11 pp.

Chicago Police Problems; an Approach to Their Solution. Bruce Smith, Institute of Public Administration, 45 pp.

Municipal Police Radio Systems. American Municipal Association. Mimeographed, 35 pp., $1.

Demolition of Unsafe and Insanitary Housing; an Outline of Procedure for a Comprehensive Program. National Association of Housing Officials, Chicago, April. Planographed, illustrated map, forms, 35 pp., 25 cents.

A Memorandum on the General Sales Tax. Kansas Chamber of Commerce, Topeka, November. Mimeographed, tables, charts, 44 pp.

Report on a Survey of Administration in Iowa, Submitted to Committee on Reduction of Governmental Expenditures. Institute for Government Research of the Brookings Institution. Iowa State Printer, Des Moines. 653 pp., $1.

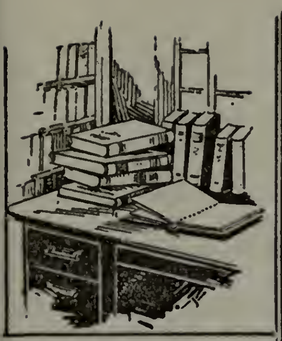
The Municipal Year Book. International City Managers' Association, Chicago. Tables, 256 pp., $4.

Occupational Changes and Relief Activities in Allegheny County. John D. Beatty, Herbert L. Grau, and Philip Mathews, Pittsburgh Personnel Association, March. Charts, tables, 58 pp.

Practice of Certain Municipalities in Allowing Discounts for the Advance Payment of Taxes. Schenectady Bureau of Municipal Research, Schenectady, May. Mimeographed, 5 pp.

Pay Your Taxes; a Campaign Manual of Suggestions, Ideas and Methods for Reducing Tax Delinquency. National Municipal League, 309 E. 34 St., N. Y. C., January. Bulletin No. 2. Mimeographed, 11 pp.

Wyoming Special Legislative Committee on Organization and Revenue Report. Griffenhagen & Associates. Apply to Committee, Cheyenne. 2 volumes.



RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Election Administration in the United States. By Joseph P. Harris. Washington, D. C. The Brookings Institution, 1934. 453 pp. $3.

Here is a timely discussion of a subject which has long needed the undivided attention of a competent surveyor. This book is the complement to the author's "Registration of Voters in the United States", and the two together constitute a thorough-going analysis of the electoral system.

The leading idea of "Election Administration" is an exposé of another obsolete phase of contemporary government. However, the analysis of factors which destroy a sound system—frauds, inconvenience to voters, excessive costs, inaccuracy, conflicting statutes, and bipartisanship—is accompanied by counter-claims to good government so that the reader is led logically from a survey of the system to a criticism of it, and then on to a proposal for reform. The emphasis is placed on the administrative side—soundly enough since the current trend in government leans heavily on administration rather than structure.

"The act of voting, for many citizens, constitutes their only participation in government and it is fundamental that elections be properly conducted." The purpose then, is to inform the citizen, the public official, the student, and the teacher, of the need for change in this fundamental process. This book should be a wholesome influence in its stimulating suggestions for reform.

The comprehensiveness of the work defies brief description. From a history of election administration the reader is conducted through the devious ways of state control, election boards, precinct officers, forms of the ballot, poll lists, watchers and challengers, voting machines, absent voting, recounts, frauds, and election costs, to mention only a few of the phases treated in full.

Obviously the most important contribution of the book is to be found in the chapter called "A Model Election Administration System" in which Mr. Harris synthesizes his suggestions. This section was published previously as a committee report of the National Municipal League.

The chapter on election frauds adds a certain spice, though the practices of repeating, ballot-box stuffing, chain ballots, and the like are familiar enough to politicians and students of political science.

There is an excellent chapter on the voting machine which points out that only nine states use this procedure. The arguments pro and con are presented fairly enough, but the author reaches the startling conclusion that though voting machines do not allow for proportional representation ballots, this is not an important consideration!

The lay citizen should be interested in Mr. Harris's section on "The Conduct of Elections." Here he will see himself as he goes to the polling place at his most convenient hour, as he is identified on the poll lists, as he is given a ballot, as he is challenged perhaps, or even assisted, and finally he will learn what happens to his vote after it is deposited in the ballot box.

The most technical part of the work deals with election costs and will probably be valuable only to the specialist in that particular field.

In general, this book amplifies the body of knowledge in the subject which it covers. It is a full, concrete treatment, practical rather than theoretical, at once analytical and synthetical, apparently unbiased, neither too conservative nor yet too radical, technical and scholarly rather than popular, yet written with a lucidity which invokes interest. Both primary and secondary sources were used. Its chief value will be to specialists in the field of government, to teachers of political science, and to advanced students in the subject. Nevertheless, the public official, the politician, and the casual citizen will find much here that is both stimulating and challenging.

F. L. Reinhold

Swarthmore College

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The Municipal Year Book, 1934. Edited by Clarence E. Ridley and Orin F. Nolting. Chicago, International City Managers' Association. 1934. 256 pp. $4.

The publication of the *Municipal Year Book* for 1934 marks the first issue of a year book devoted to American municipal government. While the editors, Messrs. Ridley and Nolting, indicate in the foreword that the *Year Book* is in a manner merely enlarging the more restricted *City Managers' Year Book* which has been published since 1914, it would appear that they have been guilty of an understatement. With the inclusion of a section of financial data relative to municipal debt, tax delinquency, and governmental expenditures, there is little reason to doubt that not only does the *Year Book* take on a new meaning but that the volume will be of considerable value to the financial world as well as to those who are interested primarily in the problems of municipal government.

For the general reader, as well as the student, the series of articles on various phases of municipal administration, in which the high spots of the past year are summarized and trends indicated, will be of genuine interest. Written by well known authorities in each field these brief resumés are informative and in some instances challenging. The subject of financial planning, for instance, in which the author indicates a trend towards pay-as-you-go financing rather than through the sale of bonds, could be read with profit by the majority of municipal finance officers.

Of value to the active worker in the field will be the mass of statistical data and explanatory notes, especially in regard to the council-manager form of government. To the political leader in New York who may be seeking information with the coming municipal campaign in mind, this section is heartily recommended.

The volume is carefully indexed and contains a very useful current bibliography consisting of both books and pamphlets in the field of municipal government and administration.

In fine, the editors are to be congratulated on the launching of a new and enlarged *Year Book* which in the future should be greeted by an ever widening circle of acquaintances.

Russell McInnes

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Personality in Politics. By William Bennett Munro. New York, The Macmillan Company, 1934. Revised Edition. 121 pp. $1.60.

Professor Munro's well-known study of three types of person in American public life needs no introduction to Review readers. At the time of its first publication in 1924, the book was recognized as an illuminating and thoroughly readable description of the operations of the reformer, the boss, and the leader in politics. The new edition has been thoroughly rewritten, illustrative material from the past decade has been widely drawn on, and new interpretation has been given to some of the earlier figures. The book may thus be considered a reworking of the old theme—the importance of the individual personality—thoroughly justifying the re-reading by its old friends and the attention of those who will be its new ones.

*

Die Stellung des Bürgermeisters. By Hellmuth Voss. Solingen-Ohligs, 1933. 180 pp. (Apply to the author.)

A good many years ago when some half-informed commentator branded the council-manager plan as an offshoot of the German *bürgermeisterverfassung,* the status of the municipal executive became a matter of considerable academic importance. However, beyond occasional analogies—usually faulty—nothing was done toward an authoritative treatment of the major factors determining the role of the municipal executive in the fourteen or fifteen main types of administrative organization which have been worked out in America, England, Germany, France, and Switzerland. Dr. Voss has done this. It is too bad that the book is in German; it should be on the required reading list of every city manager and every mayor with a professional outlook.

The book is divided into five parts. The first is composed of a running commentary on the historical development and major characteristics in the local governmental systems of the four foreign countries with which Dr. Voss is dealing. The second part deals with the personal role of the chief executive. The section titles are: Political or Professional Executives?, The Executive as Leader of the *Kommunalpolitik,* The Problem of Outside Recruitment, The Selection of Chief Executives, The Length of Service, The Compensation and Pensioning of Executives. The third part deals with the executive as a municipal official—with the relation of the executive to the policy forming branches, and to the administrative divisions. Particularly illuminating in this latter regard is the treatment of the executive in relation to his department heads, of his relations with employees and laborers, of his relations with administrative and advisory committees and boards, and of the control of the chief executive. Part four deals with governmental publicity and reporting and that closely connected problem, the relation of the public to the chief executive's tenure by direct action. Here Dr. Voss is writing about something he does not understand. Recall in Germany has always meant only a referendum on the dissolution of the city council, even in those sections where the chief executive is popularly elected. Dr. Voss' conclusions as to the recall of executives in Switzerland and the United States being indicative of popular interest in democratic government seem to this reviewer wide of the mark.

Section five deals with the executive as an agent of the state. This part is naturally more relevant to the continent than to the United States or England. The executive as head of the police, the central confirmation of municipal executives, and the *staatskommissar* development are discussed.

Not the least valuable part of the book is the appendix, containing fifteen diagrams illustrative of the general forms of administrative organization in Germany, America, England, France, and Switzerland. These are arranged and outlined in such manner that the various similarities and differences are brought into bold relief.

Too much praise for filling an enormous void in the literature of comparative local government cannot be accorded the author of this distinguished monograph.

Rowland Egger

The University of Virginia

*

Results of Municipal Lighting Plants. By C. F. Lambert. Kansas City, Mo., Burns and McDonnell Engineering Co., 1934. 139 pp. $1.00.

The Burns and McDonnell Company is already identified as interested in the operation of municipal utilities and they have previously published data on lighting plant rates. This volume, however, is more comprehensive and complete than their previous similar publications. Its second subtitle—Record of 365 Cities Under Municipal Ownership Rates in Effect 1933—is perhaps more accurate than its first—The Answer to the City's Financial Problems. With the exception of the opinion implied in that subtitle, the book is almost entirely statistical. Each plant is briefly described as to type, capacity, maximum demand, value, debt, and age. Other data including finances, profits from operation and rate schedules are also given. General tables on electrical consumption, etc., are included. One of the most interesting tables is that which shows the average monthly bills of consumers of various classes in the given cities.

*

History of West Virginia. By Charles Henry Ambler, Ph.D. New York, Prentice Hall, Inc., 1933. 622 pp. $4.

Dr. Ambler, in his work as professor of history at West Virginia University and in his previous books and articles, has evidenced his keen interest in and intimate knowledge of the history of Virginia and the Ohio Valley. This volume is a comprehensive document dealing with the history of the region prior to its establishment as an independent state and discussing also the various problems of statehood. The story is told simply and interestingly and covers not only the important political history but also pertinent social and—to a lesser extent—economic material.

Students of government might wish that a book on West Virginia appearing at this time had treated more extensively the current governmental and financial problems even if it had necessitated the omission of the lists of natives of the state who have attained some degree of "celebrity". It is perhaps the historian's function to record the birthplace of a heavy-weight champion and the founder of Mothers' Day, and we look forward to an equally complete volume on West Virginia in which the emphasis will be on government.

E. T.

*

Municipal Scrip: A Report of Experience. Prepared and issued jointly by American Municipal Association and Municipal Finance Officers' Association. Chicago, 1934. 17 pp. Twenty-five cents.

The use of scrip during 1933 was not confined to isolated instances, but was relatively widespread. Many of the political units which used it have discontinued the practice. Most of the scrip issued was simply a form of tax anticipation note, issued in small and varied denominations and payable to the bearer; some was of the self-liquidating or stamp type which was in practice a kind of sales tax. This brief study describes the types used and gives the case histories of a number of the communities which used scrip in one form or another. It supplies therefore one of the interesting chapters in the story of current municipal finance.

*

Tax Delinquency. By Mabel Walker. New York, General Welfare Tax League, 1934. 13 pp. mimeo. Twenty-five cents.

Dr. Walker's monthly bulletins continue to be interesting, informative, and timely. The May number is devoted primarily to tax delinquency. It quotes, and lists for bibliographical purposes, a number of valuable references on the subject and summarizes the opinions given. An important feature of the bulletin is the chart tabulating the general legislation on tax delinquency in the various states. The subject has been so thoroughly complicated by the action of recent legislative sessions that this simplified presentation is very valuable.

*

Public Relief for Veterans in New York State Cities. By Fred Ellis Levi. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1934. 185 pp. $1.50.

The extent of federal expenditure on veterans has received such attention that the local expenditures on this class of citizen have generally been overlooked. Mr. Levi's study, undertaken under the joint auspices of the Syracuse School of Citizenship and the New York Conference of Mayors, is therefore of particular interest. The first chapter—on the genesis and development of separate relief for veterans—is particularly interesting. The others deal with the usual problems of administrative organization, supervision, personnel, policies and procedures, financial practices and record-keeping, conclusions and recommendations.

Although the author concludes that there is little justification for separate relief for veterans (and their families) he is most temperate in his criticism.

*

A Survey of Economic Data of the Eastern Rocky Mountain Region. Boulder, The Rocky Mountain University Research Council, 1933. 172 pp. mimeo.

This report was prepared by the Bureau of Foreign and Domestic Commerce, primarily as a market guide to wholesalers, manufacturers, and business interests. It is of particular interest, however, as furnishing a factual background for each section of the region in the consideration of basic conditions and current economic trends, and for the comprehensive description of sources available for keeping such data up-to-date.

*

REPORTS RECEIVED

Annual Report of City Comptroller, Atlanta, Georgia, for the year 1933. B. Graham West, Comptroller. 91 pp.

Municipal Services. Sixteenth Annual Report of the City Manager of Auburn, Maine. Fiscal year ending Dec. 31, 1933. F. W. Ford, Jr., City Manager. 48 pp.

Report of the Auditor of the Consolidated City and County of Denver, Colorado, for the fiscal year ended December 31, 1933. William H. McNichols, Auditor. 142 pp.

Financial Statement of Hennepin County, Minnesota, 1933. Al. P. Erickson, County Auditor. 57 pp.

Annual Report of the London County Council, 1932. Volume II. Public Health—General Matters of Public Health, Main Drainage and Housing. 67 pp. Price 1s.

Annual Report of the City Auditor, City of Spokane, Washington, year ending December 31, 1933. H. D. Dearling, City Auditor. 120 pp.

NATIONAL MUNICIPAL REVIEW

AUGUST ✦ 1934

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Hamilton County, Ohio, Recounts Some Ballots
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NRA
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THE LEAGUE'S BUSINESS

Taxed to the Limit.— Winter Park, Fla., is not the only city in the United States where taxes are high and expenditures low, but few, if any, others have been given what amounts to a certificate, by competent authority, that both have reached the limit and that the only recourse for creditors is a moratorium on principal payments and a scaling down of interest charges. While many other cities and counties in a similar fix have not hesitated to default on their obligations—some of them, no doubt, with good cause—it was left to Winter Park to ask the Municipal Consultant Service of the National Municipal League to look over the field and see for itself just how serious was its plight.

Professor Thomas H. Reed, one of the foremost experts on municipal government, conducted the survey. He reports that Winter Park has reduced its operating costs from $139,969 in 1927-28 to $50,568 in 1932-33, a drop of 64 per cent in five years. If any other cities can beat that record, let them speak up. The Mayor and four other City Commissioners are serving without pay. The City Clerk, "a very competent officer who also serves ex-officio as auditor and assessor," receives $1,600 a year for duties which are said to occupy not only the ordinary working day, but many evenings and holidays. A "capable young woman" receives $900 a year as tax collector. The Police Department consists of a chief at $100 a month and two night officers at $83.92, with a motorcycle patrolman added during the winter at $80.

Professor Reed cites these figures to show that Winter Park "has approximated the irreducible minimum in operating expenditures." It has a debt of $1,621,000—too large in proportion to its assessed valuation—upon which it is now in default both for principal and interest. Its property owners are paying taxes at the rate of 4.19 per cent on full value, as compared with a national average of only 2.6 per cent. They can hardly be expected to pay more. Winter Park is a high-grade residential community which can be expected ultimately to pay its debts, Professor Reed holds, but only if given time to do so. He recommends a reduction in the rate of interest for ten years to 3 per cent, with a moratorium on principal payments for a like period.—*New York Times,* Editorial, July 14, 1934.

* * *

Radio Program.— Subjects and speakers for coming broadcasts in the eighth series of "You and Your Government" programs, entitled "A New Deal in Local Government," are listed below:

August 14—"A New Charter for New York City." Professors Roy V. Peel and Paul Studenski, New York University.

August 21—"Higher Administrative Standards." Professor William Anderson, University of Minnesota.

August 28—"Housing and Slum Clearance." Ernest J. Bohn, President, and Charles S. Ascher, Director, National Association of Housing Officials.

September 4—"Reconstruction in a Metropolitan County." Russel Sprague, Chairman, Board of Supervisors, Nassau County, N. Y.

September 11—"County Home Rule." Professor George W. Spicer, Chairman, Virginia Commission on County Government.

September 18—"A Suburban New Deal." Carl H. Pforzheimer, Chairman, and Mrs. William H. Lough, Secretary, Westchester County, N. Y., Commission on Government; Dr. Luther Gulick, Director, Institute of Public Administration.

September 25—"A New Deal in Civic Education." Professor A. N. Holcombe, Harvard University.

HOWARD P. JONES, *Secretary*

Editorial
Comment
✣
August

NATIONAL
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New York's Political Octoroon

The cruise of the Kawa, celebrated satirically in a best seller a few years ago, revealed phenomena strange to science but not unfamiliar in American local politics. Like the well known Ship of State, the Kawa rode through some queer storms, one in particular caused by a typhoon, a monsoon and a simoon occurring simultaneously in the same spot. This was exciting but not conclusive, the chronicler explained, because he already had weathered an octoroon, "one of those eight-sided storms," and after such an experience nothing could faze him.

The incident clears up the meteorological turmoil now involving New York state politics. It is not a conflict of all the different gales there are that is soaking the party patriots, and throwing dust in the eyes of the citizens. It is an octoroon, a windy gyration with many sides, all centered on one irrepressible issue—reorganization of local government.

Tammany's trouble began two years ago with an embarrassing invasion of tin boxes owned by indignant braves, but the thunderstorm so started now resolves itself into determined effort for a charter revision, that will make votes in the Greater City applicable to the questions that are being voted on. Upstate a score of varying local issues all turn out to be different phases of the need for having county governments rebuilt for present day necessities. A Pay-Your-Taxes movement sweeps the state, and finds itself converted into a Get-Your-Taxes-Worth campaign. A Don't-Pay-Your-Taxes movement undergoes the same change. Citizens' councils, economy leagues, organizations for better government, for more government, for less government, all suddenly find themselves shoulder to shoulder in a common fight for giving government of any kind a chance to function reasonably in behalf of the governed. Even the milk supply question becomes one of better regional and rural supervision.

In the dust storms thus created the old line political leaders so far have devoted themselves to supplying the dust, and the results have not been to their liking. By obscuring the facts instead of acting on them, they have split the two major parties wide open on the issues of charter revision in New York City, and of county revision upstate. That these are only local aspects of the same question is shown by this summer's legislative perplexities. Governor Lehman called a special session to consider legislation permitting county reorganization in the City of New York.

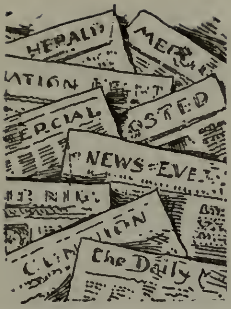
Promptly, upstate progressive leaders compelled him to add to this bitter summer menu, definite action on town and county reform—an item which the legislature spent the spring and winter dodging. It is already plain that whatever action the legislature takes will result in the secession of important wings of both parties to express their dissatisfaction, either independently or in coalition, at the polls this fall. This means a realignment in state politics on the single issue of reorganization, with one faction backing reform and the other standing on the status quo.

Invariably in our politics, situations of this kind come to express themselves in support of personalities rather than of issues. In this case the forces for reorganization are already trying to align themselves behind Judge Samuel Seabury, in New York City because of his outstanding championship in extirpating Tammany, and upstate because he was known there as a proponent of county reorganization long before the present turmoil. For the powerful and very respectable advocates of things as they are, no outstanding leader has appeared yet, although there are many stalwarts in both parties who are competent to carry this banner vigorously and with honor, for the issues are not one-sided by any means. The situation is further complicated by Judge Seabury's disinclination to run as a party candidate at all, though he has indicated his willingness to receive the indorsements of either or both parties, on a platform of his own making.

However important they are to New Yorkers, personalities are not germaine to the interest of the rest of the country in this important and picturesque struggle. In America's various forms of local government, New York long ago introduced some of the best and many of the worst elements. Now it stands to join Ohio, Virginia, and a few others in leading the way to modernity. Any man who successfully acquits himself in this leadership will have the coast-to-coast applause of all of his right thinking fellow-citizens.

Policemen and firemen in Denver, according to report, have voted to take four days off every month rather than have 377 policemen and a proportionate number of firemen discharged for economy. A natural and human attitude for them to take in behalf of their brethren in service, it nevertheless puts startlingly before the public the dilemma which this kind of "economy" is creating. Either Denver's service for protection was excessive before the reduction was proposed or it was not. If the former, the well-meant action of these men tends to perpetuate a state of things which is bearing very hard on other services that need money for efficient maintenance. Otherwise they are only further jeopardizing the public security threatened by the cut; for there is no evidence that Denver's criminals are going to oblige with a four-day monthly layoff in their activities, nor are the fire-bugs, or the people who throw lighted cigarettes in waste baskets. Taxpayers' associations and citizens' councils are learning the hard truth by experience, that the only true economy consists in adapting a city's service completely to its needs. Any other course is not economy. It is merely postponing the bill until it must be repaid with interest.

Edward M. Barrows



HEADLINES

Boom times in legislative work caused twice as many state legislatures to meet in special session as met in regular session this year, according to the American Legislators' Association. The increasing technical character of government and the complexity of modern social problems are given as prime reasons. A third cause undoubtedly is the furor over county reorganization.

* * *

Disapproving the federal housing projects in that city, the Atlanta general council takes steps to create its own municipal housing authority, sidestepping any implication of starting another secession move, however, by basing the plan on coöperation with the federal government.

* * *

While jury reform is still in the conversational stage in other parts of the country, Oregon is actually submitting to a voters' referendum a proposal to end "jury-hanging" by permitting a legal verdict to be reached by ten out of twelve votes, except in first-degree murder cases. Another proposal is that, with the judge's consent, an accused person may waive trial by jury.

* * *

Georgia throws light on one of the darkest aspects of local economy by announcing the return to normalcy of street lighting in sixty-six towns and cities. This bright result was obtained by a state-wide campaign showing that while the relation of lighting costs to taxes was perceptible, the relation to taxes of crime and accidents due to insufficient lighting was even clearer.

* * *

New Jersey follows Alabama's lead with a state-wide organization of citizens' councils. Twenty-four local councils form the nucleus. Its sponsors expect to have it in effective running order in time to take part in state and local budget discussions next fall.

* * *

The business patriots who wail over the passing of the good old days of free competition while they "gang" municipal purchasing departments with collusive bids, may now have the alternative opportunity either to live up to their principles or to preserve silence—i.e., quit squawking. The NRA code provisions bearing on municipal contracts have been modified so that a fire hose manufacturer, for instance, may quote terms to cities as favorable as those made to commercial buyers for a like quantity. Pity that the tyrannical NRA cannot also arrange that municipalities may select public servants on the same merit basis as commercial houses. However, these onslaughts on American freedom must stop somewhere.

Add Brain Trust Menace! University of Washington Political Science Department offers trained research facilities for governmental problems in the tax supported institutions of that state, and also in problems involving international relations.

* * *

Propaganda for P. R. Saskatchewan, Canada, provincial elections resulted in a Liberal Party defeat which installed Liberal candidates on a landslide. The party polled 46.9 per cent of the vote and elected 90 per cent, or 49 out of 54 of the members of the provincial assembly. The Conservatives got 26 per cent of the vote but could not install a member, while the Farmer Laborites could install but five members, though they polled 24 per cent of the vote. The other 1 per cent was scattering. These queer results are recorded in the Calgary *United Farmer*.

* * *

Duval County, Florida (Jacksonville), commissioners vote to ask for a county civil service act in 1935. Tennessee Bar Association also records itself as favoring extension of state civil service laws next year.

* * *

Milwaukee announces the lowest death rate in its history, 8.2 per thousand. Incidentally this is the lowest present death rate of any American city of 500,000 or more.

* * *

English cities apparently are going in for recreation in a big way. According to the *Municipal Journal and Public Works Engineer*, London, the National Playing Fields Association announce that 620 schemes for the provision of publicly-owned playing fields have been financially assisted by £217,800.

* * *

In the matter of public baths also the Tight Little Island is stepping out. The new community baths of West Ham will have sun-ray and ultra-violet ray equipment, besides Turkish baths, vapor baths, a children's pool and an electric laundry. All this in addition to the customary provision of showers and tubs, and one of the largest swimming pools ever created in those parts. The cost is estimated at £147,477. Other local bath appropriations are Doncaster, £7,000; Mansfield, £17,000; Hertford, £9,600; Southend-on-Sea, £140,000.

* * *

"There is more than a job lost," says Ohio State University Engineering Experiment Station *News*, "when a trained highway engineer packs up his belongings and leaves his office for the last time because he belonged to the wrong political party."

* * *

The worm of song and story has nothing on the Schluter, Okla., voters for turning. Local legislators had failed to remedy a situation under which corporations could not attain compensation insurance for employees more than forty years old. So a mass meeting of the town's five hundred voters agreed to refuse support to any legislative candidate over forty at the next election.

* * *

National Committee on Municipal Accounting offers for public distribution a "Suggested Procedure for a Detailed Municipal Audit." The praiseworthy purpose is to assist in the better auditing of municipal books. All that is needed now is a brochure on how to get something to audit.

E. M. B.

Washington and the Cities: 1934

Depression binds federal and municipal governments in a new and closer relationship

PAUL V. BETTERS

Executive Director, American Municipal Association and United States Conference of Mayors

When the Editor of the Review asked me to write a brief article regarding some of the 1934 federal-municipal developments, my mind went back to two years ago when it would have been very difficult to pen anything of current interest on that subject. The last half of 1932 and all of 1933 witnessed, however, a developing federal-municipal relationship. Practically every major act of the 1933 special session of Congress, for example, affected in some way or other the functioning of municipal government. As we review the work of the session of Congress just adjourned and the activities of the federal government during 1934, we see that more and more are the cities and the national government being brought together—not entirely in a legal union but certainly in a practical partnership. I shall try and sketch for 1934 some of the important matters falling in this category.

RELIEF

Federal leadership in relief continues, and since a major share of the relief load is centered in urban communities this activity of the United States government commands the interest of all municipal officials. As we look back on the past two years we wonder what would have happened (both to the country and to the people on relief) had not the federal government stepped in with its resources.

The highlight of the past few months was the civil works program—a program which to my mind represented the greatest job of public management ever undertaken by any nation. It came when something was needed to bolster the morale of the people and there are many who believe that if it had been continued, even on a modified basis, we could have been much further along the road of economic recovery than we are today.

CWA left behind in practically every community social facilities in the way of playgrounds, school additions, swimming pools, streets, sewer and water improvements, and repaired public buildings which will last for years.

Aside from the CWA, which terminated in urban areas around April 1, cities are interested in the permanent aid which the government has provided to meet the continuing relief needs. In February, it will be recalled, Congress appropriated $950,000,000 to carry on CWA for a short period and to provide for relief. At the end of June not much was left of this amount. The deficiency bill enacted in late June carries at least $600,000,000 for FERA until January 1. We are therefore assured that federal funds will be available in *much the same proportion* as they have been during the past three months.

Because there is no uniformity in the treatment by the federal government of the states on the financial side, we find a varying problem as between cities in the forty-eight states. For example, during the first quarter of 1934:

1. In Alabama, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, North Dakota, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Virginia, West Virginia, and Wyoming practically all of the costs (all in Louisiana, Arkansas, and South Carolina) were paid out of *federal funds.*
2. In Illinois, New Hampshire, New Jersey, Pennsylvania, Texas, and Washington the state government is helping the cities to the extent of paying over *50 per cent* of relief costs.
3. In Connecticut, Kansas, Maine, Massachusetts, Ohio, and Vermont the cities (or counties) are still being forced to bear the major burden. Massachusetts is the only state in the United States where cities were forced to bear almost the *complete financial burden.*

Cities in Massachusetts thus bear a relief burden totally different from the burden of Chicago, the Tennessee cities, and many others. If the depression continues in its present severity it is the writer's opinion that *all of the costs* in all of the local governments must shortly be shifted to the state and federal governments. The general property tax which still constitutes the major source of revenue for the municipal governments is having and will have a difficult enough chore to provide for the normal range of essential municipal revenues.

Some of the things on the liability side of the present relief program are:

1. The failure of the federal authorities to do any long-time planning which would enable the cities and the states to know what the future is to bring.
2. The forcing by the federal government, or at least acquiescence of the federal authorities in letting the states force cities and counties to issue bonds for relief purposes. So long as the federal and state authorities demand that cities and counties violate a fundamental principle of public finance (that current needs be met by current income) we shall have major financial troubles.
3. The trend toward bureaucratic control from Washington on details which might better be handled by local authorities provided they are competent.
4. The slowness in taking steps to fit in relief administration with the regular machinery of municipal government.

As the relief problem settles down, I feel that these problems will be solved because the FERA appreciates that they exist.

PUBLIC WORKS

It now appears that considerably less than one billion out of the three billion, three hundred million dollars made available last year to PWA in the National Industrial Recovery Act will have been used for non-federal (state and local) projects. Most of the funds went to federal projects.

In the light of present circumstances, it is interesting to review the action of the 73rd Congress with regard to public works. My own conclusion regarding the action of Congress in passing the deficiency bill is that public works has definitely been abandoned as a *major* arm of economic recovery by the administration. This conclusion is based on the facts that: (1) under the spur of federal promotional work there are today at Washington around three billions worth of non-federal applications, and (2) only five hundred millions have been allotted by the President out of the Deficiency Act to provide for these applications.

Many communities having applications at Washington will be unable to secure loan and grant approvals unless they can sell their bonds through the usual private channels and take a grant only from the government.

In addition to the five hundred millions placed to the credit of PWA for public works, the deficiency bill authorized the RFC to use up to two hundred and fifty millions in buying from the PWA securities received on loan transactions. Proceeds from these sales can be used by PWA as a revolving fund. This amount, however, looks small even when added to the five hundred millions in the face of three billions of applications now pending and many more projects that could be presented at this time.

The PWA outlook from the cities' viewpoint is not, therefore, a happy one in all respects.

LOCAL PLANNING

CWA really did something in the field of city planning. No one yet has catalogued all of the planning studies carried on in hundreds of municipalities under CWA. But this work emphasized to municipal officials the value and necessity of planning for community development and for administration of many activities of municipal government.

Little of this work, except in limited fields such as traffic, is now being carried on under the FERA program, yet the state planning boards created in most of the states with PWA assistance are gathering data which will be of real value to municipalities. Our problem will be to keep these planning boards functioning after withdrawal of federal assistance.

MUNICIPAL DEBT READJUSTMENT ACT

Previous articles in the REVIEW have touched on the passage by Congress of the Municipal Debt Readjustment Act so that any extended comment in this brief sketch of federal municipal matters is unnecessary. The bill passed the Senate by a wide margin in May of this year after a rather close vote in the House in June of 1933.

Perhaps just one thing regarding this act should be pointed out which should be of interest to all officials and those interested in municipal government. A "bankruptcy" act for cities did *not* overnight destroy the credit of all cities throughout the United States. To look back now at the arguments advanced by such organizations as the United States Chamber of Commerce and the American Bar Association in opposition to the bill when it was being considered shows how poor they were in prediction. As a matter of fact, shortly after the act was passed, general municipal credit was in a healthier condition than at any time since 1931. Far from adversely affecting the credit of solvent communities, it had just the opposite effect.

MUNICIPAL FINANCE: GENERAL

Although efforts were made at this session of Congress to secure the extension of short-term credit, either through the RFC or the Treasury Department, to municipalities, legislation on this subject was defeated in both the Senate and the House. When the two "loans to industries" bills were being considered, Senator Walsh and Congressmen Kenney and Weideman unsuccessfully endeavored to secure amendments to carry out this program. The main reason why nothing was done was no doubt due to the failure of the administration to press the matter, this in spite of the fact that the Treasury Department had Dr. S. E. Leland of the University of Chicago carry on a study extending over a period of three months, which meant that the government had all the facts.

This legislation will again be presented at the next session of Congress.

HOME OWNERS' LOAN CORPORATION

One reason why some communities are today reporting better collections of delinquent taxes is the fact that during the past few months the operation of the Home Owners' Loan Corporation has resulted in millions being paid in back taxes to our various governmental units. As of May 26, the corporation reported that forty-four millions had been turned over to the treasuries of our city, village, town, county, and state governments. In large metropolitan centers such as New York and Newark this has meant a great deal.

The beneficial impact of this law upon municipal government has been much more forceful than was anticipated by many persons.

NRA CODES

The experience of cities under NRA codes during the past six months has not been a happy one. Not only have prices for materials, supplies, and equipment commonly purchased by governmental units increased on an average close to 25 per cent,[1] but other discriminations against public purchasing have been permitted. These discriminations include: (1) elimination of usual discounts, (2) forcing municipalities to pay retail prices even though they are volume buyers, and (3) forcing specifications upon cities in conflict with municipal specifications. Collusive bidding which makes a farce of competitive award of bids required by law has been a common occurrence, and much of this collusion is traceable directly or indirectly to NRA codes.

After protests extending over a few months' period, the municipalities have finally secured an order (on June 13) which does provide some relief. This order states:

> Members of industry, subject to codes of fair competition, who bid on contracts to be awarded by the above-named governmental agencies are exempted from compliance with any code provisions governing the making of quotations to governmental agencies which prohibit any of the following practices, and notwithstanding code prohibitions, bidders may:
>
> (a) Quote prices and terms of sale to governmental agencies as favorable as those permitted to be quoted to any commercial buyer for like quantities.
>
> (b) Quote definite prices or terms of sale, not subject to adjustment resulting in increased costs during the life of the contract, for definite quantities and for definite periods not to exceed three months (unless a longer period is now permitted by any such code).
>
> (c) The same as "(b)" for indefinite quantities for six months, or longer.
>
> (d) Quote prices and terms to apply on contracts to become effective not more than 60 days from the date of the opening of bids.
>
> (e) Quote prices F.O.B. point of origin and/or F.O.B. destination.

Because public purchasing differs materially from private purchasing, the only solution which will handle the situation is the complete exemption of public authorities from all codes. This exemption would apply to the federal, state, and local governments.

SPECIAL NRA CODES FOR MUNICIPAL UTILITIES

Up to the present no utility industry codes have been promulgated affecting municipal utilities. The first electrical utility industry code presented to the NRA by the Edison Electric Institute carried some vicious provisions which were soon done away with and the President has refused to sign an amended code which refers in a minor way to public plants. Neither the proposed water industry code nor the proposed gas code have progressed very far at this writing, nor have efforts by certain national organizations to have *special* codes for municipal light plants and municipal water plants had much support. Municipal officials are pretty generally opposed to any rigid control and will oppose in no uncertain manner any future efforts in this direction whether by industry or the government itself.

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[1] The author estimated in early June that the codes have cost the three hundred largest American cities about $140,000,000 this year on the basis of prices paid as compared to 1933 prices.

THE JOHNSON BILL

With regard to the problem of utility regulation, municipalities are deeply interested, of course, in the passage of the so-called "Johnson bill."[2] This measure, which had been before Congress for over two years, restricts private utilities from taking rate cases into the federal district courts. It is aimed at preventing delays in utility litigation,[3] and it gives state regulatory bodies a much more effective place in the sphere of regulation. The old procedure, under which private utilities got rate cases transferred to the federal courts where masters were appointed and all of the previous evidence was discarded, now gives way to a procedure believed to be equitable and speedy. Because the law itself is so brief, it is worth while to quote it herewith:

> Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first paragraph of section 24 of the Judicial Code, as amended, is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, no district court shall have jurisdiction of any suit to enjoin, suspend, or restrain the enforcement, operation, or execution of any order of an administrative board or commission of a state, *or any rate-making body of any political subdivision thereof,* or to enjoin, suspend, or restrain any action in compliance with any such order, where jurisdiction is based solely upon the ground of diversity of citizenship, or the repugnance of such order to the Constitution of the United States where such order (1) affects rates chargeable by a public utility, (2) does not interfere with interstate commerce, and (3) has been made after reasonable notice and hearing, and where a plain, speedy, and efficient remedy may be had at law or in equity in the courts of such state."
>
> Sec. 2. The provisions of this Act shall not affect suits commenced in the district courts, either originally or by removal, prior to its passage; and all such suits shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if this Act had not been passed.

When the bill passed the Senate the italicized portions were not included. In the House it was possible to secure an amendment on behalf of municipalities in states where state regulatory agencies do not exist. This gave similar rights to municipal corporations charged with utility regulatory authority as was extended in the Senate bill to state administrative boards or commissions.

The bill was opposed, of course, by private utilities and their organizations, by the American Bar Association, and by other groups. Its chief support came from the state public service commissions whose powers under the old procedure were adversely affected through endless delays in the federal district courts.

MISCELLANEOUS

A hundred and one miscellaneous contacts between Uncle Sam and municipal governments developed during 1934. Even to list them would take

(Continued on Page 423)

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[2] Named after Senator Johnson of California.

[3] An example of which is found in the Illinois case, where the United States Supreme Court recently ordered the Illinois Bell Telephone to refund $30,000,000 to subscribers. The original order in this case was issued eleven years ago by the Illinois Commerce Commission.

Georgia Cuts State Government Costs

**A million dolla
saved annuall
through reorganiz
tion**

CULLEN B. GOSNELL *Director, Institute of Citizenship, Emory University*

NEVER until the present period of depression has there been such a widespread demand on the part of the public for reduction in the cost of government. During the depression this demand has gained momentum. Too often reductions in government costs are at the expense of efficiency, but this is not the case in Georgia where state government costs have been cut by over a million dollars annually. This has been made possible by the Reorganization Act of 1931 and subsequent supplementary acts.

The reorganization movement began during Governor Hugh Dorsey's administration in 1919, but nothing was accomplished at that time. While Governor Thomas Hardwick was at the head of the state's affairs a survey was authorized and made by Griffenhagen & Associates. Hardwick urged the legislature to take action on the Griffenhagen report, saying that the state of Georgia was "board ridden and trustee ridden". In spite of his entreaties nothing was done at the time.

Lamartine G. Hardman came out during his campaign for governor in 1926 for reorganization and he was elected over John N. Holder in the runoff primary of that year. True to his promise, Hardman called upon the legislature in 1927 to effect the reorganization of the state government. A committee of the legislature was named to take up the matter, but it got nowhere

State Auditor Slate recommended rather sweeping reorganization plan i 1928. His plan called for a rather ex tensive application of the short ballo whereby all department heads excep auditor would be appointed by the gov ernor with the consent of the senate The Slate plan provided for a reductio of the state's 102 departments, boards and commissions to twelve in additio to the governor's office. Slate pointe out that there were some twenty-fiv colleges and schools in the University o Georgia system and that there were 32 trustees of the entire system. All o these trustees were appointed by th governor and each institution had it own separate and independent board

Governor Hardman again urged re organization during his successful cam paign for re-election in 1928. In th spring of 1929 he appointed a commis sion on simplification and reorganiza tion of the state government. Thi group was headed by Ivan Allen, prominent business man of Atlanta, an its membership included several out standing members of the legislature an a number of citizens at large.

The reorganization commission bega its work at the state capitol on Apri 19, 1929, and completed its task by th middle of June of that year. The pla as adopted called for the consolidatio of over one hundred departments boards, offices, and commissions into fourteen departments and agencies. A large number of department heads were to be appointive, so there was to be a mild application of the short ballot. One of the most difficult tasks of the commission was to get a bill drafted embodying the principles and details of the Allen plan; this was ably taken care of by Philip Weltner and his committee of young Atlanta lawyers. At length the whole plan with its accompanying bill was ready and was duly presented to the governor. Shortly thereafter Governor Hardman submitted the recommendations to the legislature.

Although the Allen plan did not pass both houses of the legislature in 1929, it gained considerable publicity and attention. It passed the senate, but it failed in the house by a small majority.

Governor Hardman made one more effort to bring about reorganization before he relinquished his office. In 1930 the Georgia Tax Association put several thousand dollars at his disposal with which to have a survey of the state government made. This work was done by Searle, Miller & Company. Their plan embraced a great many of the recommendations of the Allen plan of 1929. The Searle-Miller report was printed and given widespread distribution. Governor Hardman called a special session of the legislature in January 1931, and it was his intention that this report should be dealt with at that time, but nothing came of it.

Meanwhile Richard B. Russell, Jr., ran for governor in 1930 with reorganization as the chief plank in his platform. He was elected over a field of five candidates. Mr. Russell succeeded in getting the state Democratic convention to adopt his reorganization plank in the fall of 1930 and he, as speaker of the house of representatives, appointed a committee of that body to make a study of the subject in the spring of 1931. This had been authorized by the legislature at its special session. This committee was headed by Gus Huddleston. The Huddleston committee met at the state capitol in the spring of 1931 and held a number of public hearings. Finally they made a report which was adopted almost *in toto* by the legislature at its regular session in the summer of 1931. Governor Russell was very popular with the members of the legislature and he showed that he possessed the qualities of a real leader in getting this measure through.

LEGISLATION SECURED

The Reorganization Act of 1931 contains a number of important provisions. As it passed the legislature, it provided for eighteen departments, boards, and commissions. Its most radical features were the abolition of some twenty-five boards of trustees of the University of Georgia containing 321 members and the transfer of their functions to a board of regents composed of eleven members, the organization of a department of law with an addition of five assistant attorneys-general and consolidation of all legal functions of the state in this department, the elimination of all examining boards and concentration of their functions in the secretary of state's office under a secretary, the centralization of all state tax administration under a tax commission of three members, abolition or transfer of all agencies for charitable, correctional, and eleemosynary institutions to a board of control made up of eleven members, and centralization of purchasing power under one purchasing agent.

Two important follow-up acts were passed by the legislature at its session early last year. One of these acts gave the board of regents of the University of Georgia power to consolidate, eliminate, and abolish institutions in the university system. It also authorized the board to consolidate overlapping departments of the various institutions whereever they saw fit. The other act enables the board to ask the legislature for a lump sum of money for all institutions in the system and to apportion it to each one as it sees fit, i.e., a unified budget is provided for.

A MILLION SAVED!

Now let us see wherein the state is saving $1,000,000 annually under these acts. In the first place, it is estimated that the newly created law department saves over $80,000 a year. Formerly departments and agencies of the state were free to employ outside legal counsel and this was costing the state $125,000 annually. Under the Reorganization Act no outside counsel can be employed; it is, however, necessary to have five additional assistant attorneys-general in order to take care of the extra legal work and this added to the expense of the department by some $30,000. It is said that administration of the license tag tax under the revenue commission has been cut down by $125,000. (This was formerly handled by the secretary of state.) The board of control claims that it has reduced the expenses of institutions under it by $400,000.

The best job, undoubtedly, has been done by the board of regents of the University of Georgia. Governor Russell was exceedingly fortunate in his choice of men for this board. He picked men in whom everybody had confidence and these men proceeded to do a good job. This board took the "bull by the horns" and proceeded to act as if the legislature had given it authority to control the budget of all institutions and treat all budgets as one. They made a great many savings in 1931 and 1932 in this way. They were rather timid at times, however, and were not entirely sure of their ground. In 1933 the board asked the legislature to pass two acts which would give them the much needed authority, and details of these measures have already been recounted above.

The savings brought about by the consolidation of the educational institutions have been large. It is estimated that the board of regents has already cut operating costs by more than $400,000 annually. Acting under their new authority, the board has cut out several schools and colleges. This was a splendid piece of work and was badly needed. Heretofore the state had some twenty-five colleges and schools each of which was armed with a powerful lobby. Every year that the legislature would meet, the head of "Squeedunk College" would park at the state capitol and request a large appropriation for his institution and the legislature would oblige, for each region or congressional district had its school or college and legislators would log-roll with each other to get appropriations. At one fell swoop, the board of regents abolished all of the a. and m. schools of the state. The appropriations under the old system even as late as 1931 amounted to over $2,000,000 annually for all state schools, whereas they have now been reduced to $1,500,000.

A good job of consolidation has also been accomplished by the board of regents. In the spring of 1933 they consolidated the school of commerce at the Georgia School of Technology with a similar department at the University of Georgia at Athens. The school of engineering at Athens was consolidated with the same school at Tech. These moves were highly desirable and will, no doubt, save money. The Georgia State Agricultural College and the Georgia State Teachers' College were made integral parts of the University of Georgia proper; each of these institutions is to be headed by a dean in the future instead of a president.

What has already been done is fine, but it appears to be only a beginning. There is plenty of room for improvement, for this state has been school and college ridden. Eventually the state will very likely have a few creditable institutions of higher learning instead of two or three one-horse colleges in every congressional district.

THE BUDGET ACT

The Budget Act of 1931 might be

considered a part of the reorganization scheme. This act has been well worth while. It provides that a budget shall be prepared by the director and assistant director of the budget and this shall be submitted to the legislature at its regular biennial session. The governor is the director and the state auditor is assistant director of the budget. This budgetary reform was improved upon by the legislature at its regular session in 1931 when power was given to the governor to reduce expenditures if at any time the income were insufficient to meet the outgo. This act came about as the result of a rather unhappy experience the state had between 1927 and 1931. The egislatures of 1927 and 1929 had appropriated more money than the revenue came to in that period, so that the public indebtedness resulting therefrom had reached the astounding sum of $8,000,000 by 1931 and the governor was helpless to prevent it. Under the new act, a recurrence of this situation s impossible. When expenditures exceeded income in 1932, Governor Rus-ell acted promptly and cut down all departments 14 per cent, bringing the budget into balance.

Thus Georgia today is saving more han $1,000,000 annually, thanks to the Reorganization Act of 1931 and subsequent supplementary acts together with he budgetary acts of 1931. When the act that the total budget for the state oday is only about $10,000,000 is con-idered, this is a large saving. (The ost of the highway department is not ncluded here as it has allocated funds and does not operate under the general udget.) This reduction of state government costs in Georgia is all the more laudable since it does not impair fficiency; as a matter of fact, the re-rganization acts have done much to reatly improve efficiency.

WASHINGTON AND THE CITIES

(Continued from Page 419)

up much more space than is available. Illustrations of these are the following:

1. The withdrawal of bank stock purchased by the RFC from local assessment and taxation (without any thought by the federal government as to the effect on city revenues)
2. The study of electrical rates survey to be carried on by the Federal Power Commission
3. The studies of tax delinquency, inventory of housing, et cetera, being carried on by the Bureau of the Census, and originally initiated under the CWA program.

SUMMARY

As the depression continues we find our federal and municipal governments bound closer and closer together. Some look upon this partnership with misgivings while others view it with hearty approval. Many of our larger metropolitan units hope that permanent relationships may be established because they are thoroughly disgusted with both the inability and incompetence of the states to meet emergency conditions and problems.

As time goes on we may expect also a more informed attack on the common problems facing all levels of government on the part of the federal authorities. Too often in the past have policies been determined without adequate knowledge of local governmental procedures. However, the federal government learns readily and the example of the FERA last November in calling about four hundred municipal officials to Washington to confer with them on CWA is an indication of a new approach. If the legislative branch of the national government were as willing to consider factual information on municipal administration as the departments and emergency agencies are, we would have a much better partnership.

Overhauling State Revenue Systems

Numerous reform suggested for tax revision

MABEL L. WALKER *Executive Secretary, Tax Policy League*[1]

TAXATION is usually considered a highly controversial subject. There is much more agreement concerning general principles among the tax experts, however, than is recognized by the layman. The lively atmosphere of controversy is liberally supplied by various business groups whose special interests are directly affected by particular tax policies. Most of these groups are equipped with well financed agencies of propaganda for disseminating tax doctrines that will be advantageous from their points of view.

Conspicuous among the more prominent of these groups in recent tax controversies are real estate interests, automotive industries, large income tax payers, utilities, and retail interests. It is probable that the liquor interests will soon figure prominently among the tax propagandists. Rational defense of their interests on the part of these groups is justifiable, but the average citizen in adopting an attitude toward tax policies would do well to be somewhat wary of sources of special pleading, and to consider the larger question of the relation of a particular tax to the general welfare.

There is, of course, a healthy difference of opinion concerning several tax questions among the economists who have specialized in public finance, but there is also an unmistakable consensu of opinion on many general tax principles. In this article there will be a brie discussion of some of the more important recommendations that are being advanced in the field of taxation.

ABOLITION OF TAX LIMITS AND UNIFORMITY CLAUSES

Both tax limits and uniformity clause are the results of popular clamor rathe than of expert opinion. The fact tha they have been embedded in state constitutions makes them more undesirabl because harder to abolish. Eliminatio of such constitutional provisions is preliminary step to sound finance in ou state governments.

Seven states have constitutional ta limits and the National Association o Real Estate Boards is conducting vigorous campaign for the adoption o such limits in all of the states.

Some of the defects of these laws ar that they cripple a city's revenue syste causing it to curtail necessary government operations; they encourage resor to borrowing, defaulting and juggling o assessment values; they force the adoption of new and hastily devised taxe some of which are most undesirable and they weaken local initiative i budget making.

The tax limit movement in its present form is a new and rapidly developing phenomenon. In a recent symposiu on the subject conducted by the Public Administration Clearing House, tax limits were wholeheartedly denounced by almost every one of the twenty-four authorities consulted.

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[1] Formerly General Welfare Tax League.

Unlike the tax limits the uniformity clauses represent an objectionable hangover from the past rather than a recent development. Constitutions adopted during the last half of the nineteenth century bristle with these provisions which in typical form run somewhat as follows: "All taxation shall be equal and uniform." No constitutional provisions requiring taxation under the uniform rule have been adopted since the beginning of this century and a number of states have repealed or modified such clauses. Forty-two states still have some variant of the uniformity clause, however, although it exists in a mild form in many.

The uniformity clause appeals to the layman as a guaranty of justice in taxation and he is loath to relinquish it. In actual practice it proves to be quite the reverse, since, as interpreted by many courts, it makes impossible the adoption of graduated taxes on net income and the reform of the general property tax. The uniformity clause has lost favor with serious students of public finance and should be repealed as speedily as possible.

REJECTION OF GENERAL SALES TAX

The general sales tax is likewise usually considered undesirable by this group. As nations progress in democratic ideals they have a tendency to break away from indirect taxation and to rely more heavily upon direct levies. The post-war depression caused a backward step in this respect in several European countries, although the tax has been courageously avoided in Great Britain which has the heaviest tax burden of all. When the exigencies of the depression gripped the state legislatures of this country many of them envisaged the sales tax as the easiest way out and it has spread rapidly throughout the country.

The general sales tax is exceedingly difficult to administer, it favors some business enterprises at the expense of others, it drives business across state lines, and it falls much more heavily upon the lower income groups than upon those more favorably situated. "The sales tax as an emergency form of revenue, and certainly as a permanent part of any state's tax system, marks an unnecessary and backward step in taxation," is the conclusion arrived at in the recently published exhaustive study of "The Sales Tax in the American States," made by Columbia University economists under the direction of Professors Robert Murray Haig and Carl Shoup.

INCREASED RELIANCE UPON INCOME AND INHERITANCE TAXES

The preceding recommendations have been negative in type indicating legislation that should be repealed if already in force or avoided if being proposed.

A well balanced tax revision program must include positive as well as negative measures. Adoption of graduated income and inheritance taxes has the widespread approval of tax students. In our present economy incomes and inheritances constitute the best index of taxpaying ability. Inheritance taxes are now levied in all of the states except Nevada, but the rates could be increased and the exemptions lowered in most instances.

A scientifically drafted and efficiently administered levy on net incomes is one of the most defensible forms of taxation which we employ. A tax upon net income is based upon taxpaying ability, it is not shifted, it does not disrupt business, and it is administratively workable.

The income tax may and should be applied to corporations as well as to individuals. It is important to keep in mind, however, that such a tax should be on net, rather than on gross, income. A tax based upon gross income does not reflect taxpaying ability and when applied to business units it partakes more of the characteristics of a general sales tax than of a tax upon net income.

Personal income taxes should allow personal exemptions and allowances for dependents and should be applied at a graduated scale. That is, persons with larger incomes should pay a higher rate of tax than those in the low income brackets. The amount of exemption allowed and the scale of graduation have a decided effect upon the yield.

Deductions for single persons range from $500 in North Dakota to $1,500 in Alabama, Arkansas and Georgia, and for married persons from $1,500 in Idaho, Kansas, Mississippi, New Mexico, North Dakota and Oregon to $3,500 in Georgia.

The size of the steps by which the rates are graduated is extremely important. In most of the states the rates increase by one per cent for every $1,000, $2,000 or $3,000 of additional income, but New York State has the highly farcical procedure of permitting one of the steps to amount to a $40,000 increase of income before the rate is increased. This state has the dubious distinction of having the most mildly graduated income tax in the country.

REFORM OF PROPERTY TAXATION

The large subject of property taxation is one that presses hard upon all local governments. A hundred years ago it was usually considered in this country that ownership of property constituted the best test of ability. The general property tax became the bulwark of our state and local tax systems. This term is the common designation of the tax upon land, buildings and personal property when it is all apportioned and levied by substantially the same methods. In spite of the fact that tax commissions have denounced this levy for more than half a century, it still persists and forms a major source of local revenue. It proves difficult to abolish because it appeals to the popular mind as a fair and equitable tax falling upon all property alike, whereas in actual practice it proves to be most unfair and inequitable.

When real estate, tangible personal property, such as household goods and jewelry, and intangible property, such as stocks and bonds, are all assessed and taxed at the same rate, it soon becomes apparent that the less visible forms of property which can be readily concealed tend to disappear from the tax rolls and real estate has to bear the major part of the burden.

Several states have attempted to meet this difficulty by means of a classified property tax. Different types of property are taxed at different rates and intangibles are taxed at a much lower rate than real estate. The theory back of such legislation is that the lower rate on intangibles will coax them out of hiding. To a certain extent this has taken place, and much property has been returned to the assessment rolls. Apparently, the taxpayer's honesty varies inversely somewhat in proportion to the rate of his tax. Another alternative is to drop the attempt to tax personal property altogether and to seek to get at the ability represented by this wealth through income taxes rather than through property taxes. This seems to be a desirable goal.

Many authorities on city planning and better land utilization believe that the present property tax stands in the way of these achievements, and that not only personal property but also buildings and other improvements should be exempted leaving the property tax to fall upon land only. It is believed that the exemption of improvements would stimulate construction, and that the resultant heavier tax upon land would discourage anti-social land speculation. Such a step seems to be in line with the gradual breakdown of the old general property tax. A land taxing program should be preceded, however, by the adoption of personal and corporate state income taxes in order that much taxpaying ability should not escape its obligation to the state.

Assessments and collection procedure are decidedly weak spots in our present property tax administration. Improvement in both of these processes is imperative. Administrative units should be larger in many cases and there should be only one governmental unit assessing and collecting in a given area. Assessments should be at full valuation and in rapidly developing urban sections should be carried out annually. Trained officials should be appointed under civil service regulations. Tax collection should be put on a businesslike basis. Taxpayers should be billed regularly and a scheme of instalment payment dates (possibly quarterly) should be provided. Regularity and certainty in administering tax collection laws would prove a boon to taxpayers as well as to the treasury. The fee system of collection should be abolished.

COÖRDINATION OF REVENUES

It seems inevitable that constructive tax legislation of the future must take into consideration the inter-related character of federal, state and local tax problems. One governmental unit can no longer afford to work out its own tax scheme regardless of that adopted by its neighbor of higher or lower units in the governmental hierarchy.

The older ideal was that of strict separation of sources, leaving certain taxes to the federal government and others to the state and local governments.

There are many objections to such a plan. It would leave the way open for cutthroat competition among the states. This would prove particularly unfortunate in the case of inheritance, corporation, liquor, gasoline and other sales taxes. Moreover, the needs of certain types of government may increase at a faster rate than others and if the governments are restricted to relatively inelastic sources of income, some may suffer serious difficulties while others are in easy circumstances. This has been markedly true in recent years of municipalities which are compelled to rely upon real estate for the bulk of their revenues. Finally, there are few taxes which can be successfully administered by the smaller units of government.

What is apparently a much sounder solution of the difficulty is advocated by some leading students of taxation who believe that it may be desirable to work out some plan of coördinating revenues whereby certain taxes will be centrally collected and re-allocated to state and local governments, or some device such as the federal inheritance tax provision may be used to harmonize taxing procedure throughout the states. This provision allows a credit upon the federal estate tax of the amount paid on any state inheritance tax up to eighty per cent of the federal tax. This nullified the advantages of those states which had been advertising themselves as a haven for tax dodgers.

In the case of many levies the tax collecting procedure can be very much simplified if carried out by the federal government. The problem of bootlegged gasoline which is creating so much difficulty for some states would also disappear and it would no longer be necessary, as at present, to maintain border police at state lines to prevent gas tax evasion.

The problem is even more critical in connection with liquor taxation. The Interstate Commission on Conflicting Taxation of the American Legislators' Association advocates a coördinated program of federal and state liquor taxation, under which volume taxes, or so-called gallonage taxes, whether direct or indirect, would be imposed by the federal government only. One-half of the combined gross revenue from the liquor traffic, derived by the federal and state governments from all sources, would go to the federal government and the remaining half to the wet states and their localities. Considerable sentiment of a similar nature was expressed at the recent joint hearings on liquor taxation before the House Ways and Means Committee and the Senate Finance Committee.

The corporate income tax is another levy which can be administered within state lines only with very great difficulty.

LOCAL REORGANIZATION

A thorough revamping of antiquated local governmental structure with reallocation of many governmental functions is a problem which has received particular attention from the commissions of tax experts appointed in a number of states during the last few years. According to recent census figures there are 182,660 political units in the United States. There are, in addition to the federal and state governments, 3,062 counties, 16,659 cities, towns, villages and boroughs, 19,769 townships, 128,548 school districts, and 14,752 other civil divisions.

It is probably not too sweeping to assert that most of the townships and many of the civil divisions could be eliminated, and that the number of counties and school districts could be reduced very materially without any hardship to the country. Official reports tell of school districts having only one child of school age. In many of our states townships have never existed—and apparently have never been missed.

Many local governmental units should be abolished and many others consolidated. In addition, several functions now being badly performed by small units should be administered by larger governmental units. Such reorganization naturally bears a vital relation to the problem of raising and allocating governmental revenues.

SHARING STATE TAXES

It becomes more and more evident that inasmuch as few taxes can be successfully administered by local units and as local expenditures are likely to become steadily greater, the cities and counties must look to the state governments for financial aid.

This aid can come in any one or a combination of three ways: direct financial grants, taking over local functions, or sharing state collected taxes. The practice of sharing state taxes with local governments has become of increasing importance in recent years. The principal taxes which some of the states are sharing are personal and corporate income taxes, inheritance taxes, motor vehicle and gasoline taxes, general sales taxes, and liquor revenues. Very minor portions of some of these taxes are shared.

CONCLUSION

Taxation has an inescapably major rôle to play in the modern state. Whether we like to admit it or not, civilization, as a result of scientific discoveries, has developed to such a complex point that the individual is less than ever sufficient unto himself. There is a growing demand which must and ought to be met for community facilities for education, health, recreation and business enterprise. These facilities can be financed only through taxation. The financial burdens and benefits of the present and of the future demand the intelligent consideration of the entire electorate in improving and coördinating our national, state and local revenue systems.

Editor's Note.—This is the second of two articles on the tax situation by Dr. Walker. The first, "The States' Search for Money," appeared in last month's issue of the Review.

Missouri Reorganizes Its Administrative Structure

State-wide campaign for economy results in the passage of laws which permit more effective direction and control of administration

LLOYD M. SHORT

University of Missouri

In a previous article in this Review on "The Missouri State Survey Commission" it was suggested that future commissions and legislatures would need to conduct inquiries and enact laws to insure greater efficiency and economy in the expenditure of state funds if the tax increases recommended by the survey commission and voted by the general assembly in 1931 were not to be in vain.[1] The business depression, the plight of agriculture, and the resultant rapid decline in public revenues gave further emphasis during 1931-32 to the need for economy. The Missouri Farmers' Association sponsored and financed a bipartisan Committee on Taxation and Governmental Reform composed of ten members of the legislature which, after conducting a series of public hearings early in 1932, formulated a rather extensive program of state and local governmental reforms. Both major political parties endorsed the movement for efficiency and economy in their platforms. Governor Caulfield in a number of public addresses urged the need for administrative reorganization and a further concentration of power and responsibility in the office of the chief executive. The Associated Industries, which had initiated an economy campaign in 1925 and had been largely instrumental in keeping the issue alive since that time, sponsored a state-wide organization of business men, known as The Missouri Organization for Reduction of Taxes and Public Expenditures. This group adopted a legislative program drafted by a special research committee which in some respects was more comprehensive than that proposed by the Committee on Taxation and Governmental Reform. Editorial opinion throughout the state generally was favorable to the major proposals of both groups.

Included in the recommendations of the Committee on Taxation and Governmental Reform was a proposal to establish by constitutional amendment an executive budget system, and to empower the governor to reduce items in appropriation bills. Initiated by petition, the amendment carried by a large majority in the general election on November 8, 1932.

Governor-elect Guy B. Park, nominated by the Democratic state committee following the death of the primary nominee Francis F. Wilson, had virtually no time to draft his own legislative program. He commented favorably upon the work of the Committee on Taxation and Governmental Reform in his inaugural address and specifically endorsed proposals for executive budgeting and centralized purchasing. Subsequently bills embodying a substantial number of the proposals of the committee were introduced by the majority party leaders in the general assembly as administrative measures. Unwieldy majorities in both houses, factional differences, and the opposition of certain interested individuals and groups threatened for a time to endanger the success of the entire program, but before the legislature finally adjourned on April 25, 1933, a considerable portion of the reform program had been enacted into law.[2]

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[1] "The Missouri State Survey Commission," by Lloyd M. Short, National Municipal Review, January 1932, pp. 20-25.

CONSOLIDATION OF BUREAUS AND COMMISSIONS

Approximately a score of bills were passed reorganizing in piecemeal fashion certain portions of the administrative structure of the state. Among the more important changes effected were the abolition of the state board of charities and corrections and the transfer of its powers with respect to the care, supervision, and placement of dependent children and the management of the state children's home to the board of managers of the state eleemosynary institutions, the members of which also were designated as the members of the commission for the blind; the substitution of a commissioner of health, appointed and removable by the governor, for the secretary of the state board of health, appointed by the board, and the transfer to the new health officer of the duties of the food and drug commissioner; the abolition of the board of agriculture and the office of the secretary of that board, and the creation of a department of agriculture in charge of a commissioner responsible to the governor, to whom were transferred the functions of the marketing, plant, and dairy commissioners.

BUDGETING

Missouri has had at least the semblance of a budget system since 1917. The state tax commission created in that year was directed to fully inform itself concerning all expenditures of public funds and to report its findings to the legislature with such recommendations as would promote efficiency and economy and prevent the waste of public funds. Biennial budget reports were prepared by the commission beginning in 1919. Laws passed in 1927 and 1929 strengthened the investigatory powers of the tax commission, and the latter act directed that the budget report be submitted to the governor for his recommendations before it was presented to the legislature.

An executive budget bill passed by the general assembly in 1921 subsequently was defeated by popular referendum. A constitutional amendment providing for an executive budget system also met defeat in 1924 at the hands of the voters. Similar measures were introduced in 1927 and 1929 but failed of adoption. Thus the favorable vote on the constitutional amendment proposed by the Committee on Taxation and Governmental Reform in 1932 was the culmination of repeated attempts spread over more than a decade to introduce this feature of executive control into the state government of Missouri.

The bill passed by the legislature in 1933 to carry out the mandate of the constitutional amendment creating an executive budget system prescribes in considerable detail the procedure to be employed in compiling and revising the budget estimates and the contents of the budget report, provides for continuous executive control through a system of quarterly allotments, and directs that no expenditures shall be made nor obligations incurred without certification from the state auditor that sufficient unencumbered balances remain in the allotment and in the fund drawn upon to pay the same. Imbued with the spirit of economy, the general assembly disapproved the setting up of a new budget bureau and made the chairman of the tax commission ex-officio budget director to serve without additional salary. Governor Park, however, appointed a state budget officer and charged him with full responsibility for the administration of the act. The meager sum of $17,000 was appropriated for the preparation and printing of the budget report.

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[2] For a brief account of the laws passed which concern county government see "Legislation for Missouri Counties," by W. L. Bradshaw, NATIONAL MUNICIPAL REVIEW, July 1933, p. 351.

CENTRAL PURCHASING

As in the case of the executive budget measure, the introduction of a bill providing for centralized purchasing in state government was not an innovation in Missouri. The Associated Industries sponsored such a bill in 1927 and a similar measure was introduced in 1929 with the support of Governor Caulfield, but both efforts met with defeat. The central purchasing act of 1933 creates the office of state purchasing agent with a maximum salary of $5,000. Appointed by the governor with the consent of the senate, to serve at the former's pleasure, the purchasing officer is authorized to procure all supplies except printing, binding, and paper for all state departments, and to negotiate all leases and purchase all lands except for agencies which have constitutional authority to acquire real estate. All supplies are to be purchased on the basis of competitive bids, such bids to be based upon standard specifications prepared by the purchasing agent with the aid of a committee of six appointed by the governor to represent the several state institutions and departments. Annual estimates of supply needs are to be submitted by each state agency to the purchasing agent, who is empowered to transfer supplies from one department to another, to permit the direct purchase of technical supplies and of other supplies in cases of emergency, to sell surplus supplies, and to keep an inventory of all removable equipment owned by the state. A biennial appropriation of $15,000 for the use of this office obviously was inadequate, and an additional appropriation of $20,000 was voted at the special session in 1934.

ACCOUNTING AND AUDITING

The budget law directs the state auditor, in coöperation with the budget director, to prescribe a uniform system of accounting for all state departments and to require regular financial reports from such departments. Accounts are to be kept on an accrual basis. Another bill was passed which requires the state auditor at least once every two years to audit the accounts of all state agencies and to formulate a simple and uniform system of accounting and reporting for such agencies. This bill also provides for the audit of county accounts and the setting up of a uniform system of accounting and reporting for county offices. A field force of ten examiners specified in the act and appropriated for by the legislature is insufficient to permit the proper execution of the provisions of this statute.

Two other bills passed in 1933 abolished the auditing committee of the general assembly which was charged with making what in actual practice had become a perfunctory examination of the accounts of the state auditor and the treasurer, and directed that all fees and other moneys received by any state agency, with certain exceptions in the case of the state educational institutions, should be turned into the state treasury at stated intervals, subject to appropriation by the legislature for the purpose or fund for which collected.

EXECUTIVE CONTROL

In addition to the consolidation, budgeting, and purchasing acts which substantially enlarge the scope of executive direction and control, two other bills were passed which further strengthen the position of the Missouri governor with respect to state administration. These laws authorize the governor to remove any state officer appointed by him whenever in his opinion such removal is necessary for the betterment of the public service, without assigning any other reason therefor, and to employ accountants to audit the books of any state or local office collecting or receiving state funds whenever in his judgment the public interest will thus be conserved, the expense of such audits to be paid from a special fund appropriated for that purpose ($20,000 in 1933-34).

Financial Control in Operation

Considerable progress has been made in inaugurating the system of financial control authorized by the legislature of 1933. A uniform quarterly report of expenditures, showing total appropriations for the biennium, expenditures for the quarter, unexpended balances, and anticipated requirements for the next quarter—all classified under salaries, additions, repairs and replacements, and operations—has been devised by the state auditor for the use of his own office and that of the budget director. Detailed and summary reports of appropriations, earnings, and expenditures for 1933, and a report of estimated expenditures by quarters for 1934 were called for by the budget officer.

The state purchasing agent undertook at the outset to group commodities into two classes, namely, centralized and non-centralized. Commodities designated as "centralized" were purchased by the central office on requisition of the department, except in the case of emergency purchases made direct by the department in accordance with rules established therefor. All orders totalling $2000 or more were designated as centralized, regardless of the commodities involved. Commodities not yet centralized were to be purchased by the department direct, after receipt of at least two competitive quotations. Additions to the class of centralized commodities were made from time to time. The "General Index of Federal Property" was adopted as the basis for the classification of commodities.

On May 1, 1934, the above rules were cancelled and a more decentralized system for small purchases was inaugurated. Purchase of items for which contracts have been let must be made through the central office, and also non-contract orders amounting to $500 or more. Non-contract orders less than $500 and more than $25 may be awarded by the department direct, after securing at least three competitive bids and after being approved by the central office. All purchases amounting to $25 or less are construed as "emergency" purchases and may be made by the department direct without securing quotations.

The state attorney-general has held, on constitutional grounds, that all purchases of the legislature, the courts, and the state university, and purchases of road materials by the highway commission are exempt from the act. The purchasing agent has accepted these opinions, and has ruled further, contrary to the opinion of the attorney-general, that *all* purchases of the highway commission are exempt.

The requirement in the purchasing act that the state auditor certify to the existence not only of an unexpended balance in the appropriation but also an unencumbered cash balance in the treasury fund drawn upon, sufficient to pay for supplies before they are purchased, has made full enforcement difficult, because of a serious shortage in the state's general revenue fund. To

(Continued on Page 448)

Mobilizing Our Housing Forces

Success of National Housing Act depends largely on cities' coöperation

CHARLES S. ASCHER

Executive Director, National Association of Housing Officials

THE best evidence of the extent to which "housing" has become the word of the hour is the name of the newest legislation dealing with mortgage insurance, building and loan insurance, and the extension of credit for home repairs. It is called the National Housing Act. Europeans, who have seen their governments engaged in public housing programs for several decades, or who have seen comprehensive plans for governmental aid to coöperative or other limited-profit associations for the provision of mass housing for the lower income classes, would be surprised, I am sure, to learn that the Federal Housing Administrator is to be an official in charge chiefly of these several insurance schemes.

The economic need for additional aid to the prostrate capital goods industries is clear. The arguments need not be repeated here. It is interesting to note that the beginnings of the new legislation were in the thinking of the economic advisers to several of the federal departments: men frankly not familiar with housing, planning, or even real estate finance, but who, by elimination, had come to believe that houses and battleships were about the only two available articles the production of which created immediate purchasing power, but did not result in excess plant capacity or call for equally immediate absorption of the purchasing power to pay for them. Granted the other premise that the federal government was not itself to be called upon to provide all the money, that private capital was to be enticed into the field, the present rather technical and complicated law was an ingenious conclusion.

There is not space here to digest its provisions: by the time this article is published, the efficient organization which is being set up, with the full energies of the manufacturers of building supplies, lumber, and land behind it, will have expounded the text so that every small home-owner or prospective home-owner will know just how he can borrow the money to add a bathroom or build a house. The act will perform a real service if it makes available to such people twenty-year mortgages for eighty per cent of the appraised value of the structure at 5 or 6 per cent interest, with only 1 per cent premium for the insurance; and if the outrageous system of big bonuses for second mortgage money and fees for frequent renewals is thereby brought to an end.

There is, of course, still in existence a Housing Division of the Public Works Administration, a Public Works Emergency Housing Corporation, and a Subsistence Homesteads Division in the Department of the Interior. There are fifteen state boards of housing, and twelve local *ad hoc* quasi-municipal corporations called housing authorities already set up under recent enabling legislation in ten states.[1] What is their relation to the National Housing Act? If all this machinery existed, why was additional stimulus needed for the capital goods industries?

Frankly, I suppose, because both the economists and the manufacturers of building supplies were beginning to feel, with some justice, that as an emergency injection, to restore the pulse of health to a barely fluttering heart, the $20,000,000 of limited-dividend housing projects actually under way, and the $125,000,000 allotted to the Emergency Housing Corporation (but not yet spent) were not powerful enough: the patient might be dead before such slow restoratives acted.

What has become clear in this first year of public housing is that in this country it could not be an *emergency* undertaking, even though, by every dictate of economics and governmental policy, it should be, and can still grow to be, a vital part of a long-range public works program, as it has been all over Western Europe. A year ago, almost every community had, already drawn up and approved, blueprints for some grade-crossing elimination, sewer extension, or new highway. How many knew what the need and demand was for low-cost housing; the number of families there were in each rent-paying bracket, the kind of houses they lived in, the existing vacancies and doublings-up, their distribution through the city; the location of inexpensive tracts of land near schools, transportation, and places of employment? Literally dozens of cities, greatly aided by CWA and FERA subventions, have been finding out; they are now in a position to support with facts a program based upon community need, not upon the desires of a particular landowner or architect.[2]

Under the influence of an enabling act (NIRA) which parenthetically required advances of federal funds to be reasonably secured, a note of caution was introduced which militated against an emergency spirit. During the war, one official told me, soldiers had moved into a completed cantonment the day before the attorney-general certified that the government held good title to the land. Now there have been elaborate legal documents to formulate, interdepartmental difficulties to iron out, and procedures to invent, new to peace-time America, with, at the beginning, a very small staff.

The prospect seems to me good for speedy construction from this time on under the auspices of the PWEHC. We shall have, going up in ten to fifteen cities of varying size, demonstration projects which can fortify a demand that many times $150,000,000 be made available for a housing program.

If such a program is to be a policy of federal, state, and local governments, there is a double need for close collaboration between the officials responsible for these activities and the new Federal Housing Administrator.

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[1] These bodies, authorized to acquire land (usually by condemnation, if necessary) to construct and operate low-cost housing projects, to issue bonds secured by their assets and revenues, but not authorized to levy taxes in payment thereof, exist in the following cities: New York and Schenectady, N. Y.; Cleveland, Cincinnati, Dayton, Youngstown, Toledo, and Columbus, Ohio; Chicago and East St. Louis, Ill.; Detroit, Mich.; Columbia, S. C. In Los Angeles and Milwaukee similarly empowered agencies are active under the charter powers of the cities. Enabling acts have also been adopted in Kentucky, New Jersey (where a state-wide authority has been set up), West Virginia, Delaware and Maryland.

[2] Such studies have been made, with varying skill and comprehensiveness, e.g., in Boston, Hartford, New York, Philadelphia, Cleveland, Detroit, Chicago, Dayton, Toledo, Milwaukee, Minneapolis, Wilmington, Del., East St. Louis, Des Moines, Schenectady, San Francisco, and even Meadville, Pa., in addition to the nearly eighty cities where the Department of Commerce or other agencies have conducted a real property inventory.

We may assume that the Housing Administrator will have skilled advisers, experienced in the financing of installment purchases, to establish standards of credit risk as a basis for approving the insurance of mortgages. We know what part of a man's income he may safely plan to devote to shelter; we can appraise the value of his house and the soundness of the institution which is making the loan and seeking the insurance. The act requires that the project be "economically sound".[3]

Is it not equally an element of economic soundness, and is it not essential for the future of the community, that the proposed building shall not lie in the way of a future parkway; that the insured loan shall not be used to rehabilitate a dwelling surrounded by houses so decayed that the block should be torn down and replaced by a comprehensively planned development?

But clearly, it will be impossible for any bureau in Washington to pass upon such problems: it must rely upon local city plan commissions, upon local housing authorities; it must take into account the results of the studies of the last year or two which I have described above. The challenge, therefore, is to local government to help, and to prove that it has the power to help, or the city may find that over the years it will pay dearly for the temporary advantage of some employment in the building trades and a boost to the material dealers. Every evidence so far is that the Housing Administration will welcome such help; local officials must give it, and local citizens must show that the community wants such controls.

Again, is a loan "economically sound" for the construction of a dwelling in an area zoned for business or light industry, when a factory might legally spring up next door? Clearly not; and yet one of the causes of blight in our cities is the over-zoning for these "high-value" uses, far beyond any conceivable likelihood of real need, which nevertheless make it hazardous to develop the land for its best use—residence. The Housing Administrator, by wise use of his discretion, can exert a tremendous influence for revision of antedated zoning maps—and building codes.

If the insurance offered succeeds in enticing private capital into mortgage investment, Section 207 of the act (drafted by the New York City Housing Authority) may provide the means for attracting it similarly to the field of publicly sponsored low-cost housing. By this section, the Administrator is authorized to insure mortgages issued by such public agencies, or publicly regulated limited-profit private agencies, up to $10,000,000 for any one project; without restriction to a percentage of the appraised value of the property or a twenty-year term of amortization.

At the present time (partly by virtue of amendments contained in the National Housing Act) there are some eight federal agencies with credit available for housing and home building: the production credit associations organized under the Farm Credit Act, the HOLC, the RFC, the Federal Reserve Banks, the PWA, and a lot of other alphabets. If, as a result of the studies and researches which he is authorized to make, the new Housing Administrator can devise a system for bringing all these agencies together, the National Housing Act may be a great step forward in the development of a coördinated federal housing program.

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[3] The original bill enjoined the administrator to discourage "socially undesirable" building. The congressional committee struck out the phrase as being too vague.

Hamilton County, Ohio, Recounts Some Ballots

Analysis of precinct errors strengthens case for a central count

EMMETT L. BENNETT

University of Cincinnati

> "Let us of simple faith but mark the ballots of our country, and we care not who does the counting."—From the *Misquoted Masterpieces of Eudohn Thaitho,* probably.

When one has completed the fantastic toils of a seven-month campaign for a county office, and has heard his rival declared victor by a margin which barely exceeds "the skin of his teeth," one inclines not unreadily to suggestions that there be errors in the count, which being corrected would reverse the apparent result. Instances accumulated in Ohio, and distrust settled thickly upon many an official election result. The judicial contest, cumbersome and expensive, was rarely invoked. So those who in 1929 and 1931 revised Ohio's election laws embodied in them a remedy new to the state, a variant of the precinct recount.

418 PRECINCTS OUT OF 671—RECOUNT 'EM!

At the election of 1932, the voters of Hamilton County (Cincinnati and environs) had their choice, for the office of clerk of courts, between Captain Hayes, incumbent, Republican, and Mr. McCarthy, Citizens' ticket. As the board of elections checked precinct returns in the course of the official canvass, discrepancies appeared which led the board upon its own statutory authority to recount the Hayes-McCarthy vote in three precincts. Thereby Hayes gained 123 votes; McCarthy lost 207 in two precincts, offset by a gain of 74 in the third, a net loss of 133. The relative result was to reduce McCarthy's majority by 256. But that majority was still 564 in a total reported vote exceeding 211,000—about .28 per cent—less than a vote apiece for the 671 precincts. It appeared to Captain Hayes and his friends that a minority so large might be turned into a majority by further recounts, and accordingly the sum of $4,000 was deposited with the election board, accompanied by a list of 400 precincts to be recounted.

At the same election each voter had the opportunity of voting for as many as nine of eighteen candidates for state representative, and could do it either on a straight Republican, a straight Democratic, or a scratched ticket. The official canvass of precinct returns, in one place reversing the election night announcements, placed Mr. Cordon, Democrat, tenth, only seventy-seven votes behind Mr. Cordes, Republican, and ninth elected. Mr. Cordon posted his forfeits upon the recounting of fifteen precincts.

The first five tables at the end of this article present several analyses of the errors discovered by the Hayes-McCarthy recount. Tables 6 and 7 present analyses of the legislative recount. In Table 6 there are shown also hypothetical corrections of total votes of the several candidates, upon the unlikely assumption that the errors discovered in the fifteen precincts constitute a true index of the proportions of error throughout the county.

It does not require close statistical interpretation of the tables to demonstrate an almost universal propensity of precinct officials to err. And where were the sharp eyes of the partisan witnesses to their tallying? The narrow sample of the legislative recount revealed no perfect precinct return. If we extend to all 671 precincts the proportions found among the 400, only 57 may be supposed correct as between Hayes and McCarthy, and only 26 free from error both in that contest and in total vote cast. The demonstration is irresistible, and leads on to the contemplation of other questions.

DOES IT MATTER?

It is reported that recounts in other cities rarely if ever change the results first announced.[1] So many precincts were included in the Hayes-McCarthy recount that we may be warranted in believing that had all the rest been recounted the result would still have been the same. So nicely were errors balanced! We may be reasonably sure that recounts would not have wiped out the considerably larger majorities of certain other candidates.

May we then dismiss the errors of precinct counters as of no consequence, upon the ground that they wash each other out? The writer cannot. It seems very likely that a further recount of ballots for state representative, either of a few additional, well selected precincts or of all, would have changed at least one face in the delegation. Without partisanship among the candidates one may lament that so few precincts were explored for errors in this race.

The writer will not be content with any election machinery which does not operate to recognize all the votes actually cast and to declare the results with the utmost humanly attainable accuracy, unimpeachably so far as go the principles of choice of the election system. In financial accounting we obtain statements correct to a cent. To be satisfied with anything less than accuracy to a vote, when such accuracy is attainable as easily as error, seems tantamount almost to repudiating the basic principles of representative government and of popular rule.

IS CORRECT COUNTING POSSIBLE IN THE PRECINCTS?

When we consider the paraphernalia of the precinct count, we cannot without great hardihood reproach precinct officials for such errors as are honestly made. In the instant case they had been on duty twelve hours or more before beginning to count—the Ohio constitution fixes eight hours as the maximum day's work, except in emergencies. Such hours for precinct officials are not peculiar to Ohio. The precinct officers' count is necessarily made without supervision other than such as may proceed from the not always disinterested party witnesses. Probably a large number of the smaller errors arose from misunderstanding the criteria of a valid ballot. Who is so fatuous as to look in every polling place to find a master of a complex election law and of its application to a blanket ballot, and of the arts of tabulation? Here, as throughout the land, polling places are not invariably well ventilated; they are seldom well lighted for exacting work by exhausted persons doing unfamiliar sums.

The blanket ballot is a formidable thing to count when it is scratched.

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[1] "Registrations and Elections in Six Cities," Civic Research Institute, Kansas City, Missouri. Sept. 1930.

That which bore the miscounted votes exhibited in this paper lacked but an eighth of an inch either way of being 23 by 19 inches. Its width was divided among seven party columns, its length among 20 offices, with 32 names in the Republican column, 24 in the Democratic, and nine at the bottom of the otherwise vacant Citizens' ticket. The four small party columns contained six to ten names each, at the top.

The precinct officials had to transcribe votes from such a sheet upon "work sheets" with crowded lines and unbroken tally spaces, and to tally books only slightly better in form. Some errors could no doubt have been avoided by using pre-numbered, self-counting tallies of the type recommended in the Model Election Administration Report of the National Municipal League.

There is thus ample explanation for the errors disclosed. To explain is not to extenuate the system. There is no occasion to suspect the honesty of the precinct officers. The writer is convinced that such a suspicion would be unjust. But other times and other places may differ. One must be fond

TABLE 1

DISTRIBUTION OF CHANGES MADE IN CANDIDATES' VOTES BY RECOUNT

Amount of Error per Precinct	Number of Precincts Affected								
	Hayes			McCarthy			Total		
	Gain	Loss	Total	Gain	Loss	Total	Gain	Loss	Total
1	63	36	99	50	69	109	113	95	208
2	48	24	72	31	38	69	79	62	141
3	31	17	48	17	15	32	48	32	80
4	17	2	19	8	4	12	25	6	31
5	7	7	14	9	3	12	16	10	26
6	3	7	10	5	3	8	8	10	18
7	2	3	5	4	3	7	6	6	12
8	2	2	4	3	2	5	5	4	9
9	1	3	4	1	1	2	2	4	6
10				2	3	5	2	3	5
11	1	4	5	5	4	9	6	8	14
12	1	1	2	2		2	3	1	4
13		3	3	2	3	5	2	6	8
14		1	1					1	1
15	1	1	2	1		1	2	1	3
16		1	1					1	1
17		1	1					1	1
18		2	2		1	1		3	3
19		1	1		1	1		2	2
20				2	2	4	2	2	4
21		1	1					1	1
23				1		1	1		1
24		1	1		1	1		2	2
25				1		1	1		1
32	1		1				1		1
33		1	1					1	1
34		1	1		1	1		2	2
38		1	1					1	1
40					1	1		1	1
43					1	1		1	1
45		1	1					1	1
46				1		1	1		1
48					1	1		1	1
52					1	1		1	1
56					1	1		1	1
72	1		1				1		1
75	1		1				1		1
77		1	1		1	1		2	2
78					1	1		1	1
93					1	1		1	1
139				1		1	1		1
Totals	180	123	303	146	152	298	326	275	601

Precincts in error as to both	232	No. errors	464
Precincts in error as to one only	137	No. errors	137
Precincts in error	369	Actual errors	601
Precincts correct, both reports	31	Reports correct	199
Total precincts	400	Possible errors	800

to expect from blanket ballot and precinct counts that measure of accuracy which is the *sine qua non* of majority rule.

WHAT OF THE RECOUNT?

The observations upon this question are directed to the system provided in the Ohio election law, and not all of them are applicable to the scheme recommended in the Model Election Administration Report, or to the schemes of other jurisdictions.

Note first that the recount purports to be nothing more than a remedy for defective precinct returns. It is not a preventive of error. To be completely satisfied with it in the face of such numerous erring as occurred in Hamilton County we should either be indifferent to error, or must resign ourselves to precinct counts and errors as inevitable.

If we desire invariable accuracy we cannot be satisfied with the recount even as a remedy. It is invoked only by an apparently defeated candidate in the hope of wresting the office from his opponent. There may be error in the returns sufficient to change many results, but unless some candidate backs his discontent with money the law does not conceive that public interest requires its correction. Why have we elections in the first place? Let the candidate be indifferent, or unprovided with the money to secure a recount, or let the apparent majority be large, and the grossest errors may go undetected to the incinerator.

Moreover, the recount applies only to the particular race in which the appealing candidate is a participant. Regardless of that contest it may become apparent in the course of any extensive recount that serious error occurred in other parts of the ballot also—as when precinct officers have erroneously counted, or rejected, numerous entire ballots, on questions of validity. They may be corrected only for or against the depositor. Other defeated candidates may not even come in and pay for another recount, the time having run. Consider the precinct numbered 13 in Table 7. It is in a straight-balloting ward.

Whether the incompleteness may extend even to parts of a precinct vote is not clear from the statute. It is certain, however, that the recount is confined to those precincts indicated by the appealing candidate. He has no interest impelling him to seek corrections which might favor his opponent. If in a close contest he is shrewd enough to guess where corrections will favor him, and where his opponent, he may be able to oust a candidate who if the whole vote were corrected would still be elected. Thus Hayes might have overcome McCarthy's majority by selecting eight certain precincts, and

TABLE 2

ANALYSIS OF ACTUAL CHANGES MADE BY RECOUNT IN VOTE OF HAYES AND McCARTHY

Who Affected	Total Precincts	Hayes				McCarthy			
		Gains		Losses		Gains		Losses	
		Pcts.	Amt.	Pcts.	Amt.	Pcts.	Amt.	Pcts.	Amt.
Neither	31								
Hayes alone	71	43	172	28	213				
Hayes gains; McCarthy loses	74	74	212					74	565
Hayes loses; McCarthy gains	45			45	232	45	391		
Both gain	63	63	245			63	246		
Both lose	50			50	323			50	339
McCarthy alone	66					38	107	28	106
Total	400	180	629	123	768	146	744	152	1010
Net					139				266
Relative net change			127						127

Note: In each of 30 of the 74 precincts, Hayes gained and McCarthy lost the same number of votes; in each of 11 of the 45 Hayes lost and McCarthy gained the same number.

would not have imperiled his gains had he been able to avoid any or most of those certain 158 in which the relative advantage lay with McCarthy. It is no answer to point out that he was in fact unable to select with such uncanny discrimination. It is true that the threatened candidate may ask for the recount of additional precincts; but in Ohio he must do so at the same time as his opponent, before the recount starts. An apparently successful candidate will not make such a request unless he agrees with his opponent that substantial errors are probable, nor unless he fears the cunning of his opponent's selection. He, too, will seldom ask for a recount in all precincts. McCarthy did ask for fifteen; he withdrew request and deposit at the conclusion of the 400. The provisions of the model system, and of some other jurisdictions, are better. None look to the correction of all the errors.

The partial correction of erroneous returns from precincts adds to the expense of elections and points up the uncertainties of precinct counting. But

TABLE 3
ANALYSIS OF RELATIVE GAINS AND LOSSES
HAYES-McCARTHY RECOUNT

Who Affected	Total Pcts.	Hayes' Relative Gain McCarthy's Relative Loss		McCarthy's Relative Gain Hayes' Relative Loss		No Relative Change	
		Pcts.	Value	Pcts.	Value	Pcts.	Value
Neither	31						
Hayes alone	71	43	172	28	213		
Hayes' gain; McCarthy's loss	74	74	777				
Hayes' loss; McCarthy's gain	45			45	623		
Both gain	63	26	122	23	123	14	0
Both lose	50	20	182	23	166	7	0
McCarthy alone	66	28	106	38	107		
Total	400	191	1359	157	1232	21	0
Net relative change			127				

TABLE 4
DISTRIBUTION OF RELATIVE ERRORS
HAYES-McCARTHY RECOUNT

Relative Change per Pct.	No. Pcts.	Hayes' relative gain			McCarthy's relative gain				Relative Change per Pct
		Change	Subtotals Pcts.	Subtotals Value	No. Pcts.	Change	Subtotals Pcts.	Subtotals Value	
140					1	140	1	140	140
125	1	125	1	125					125
81	1	81	2	206					81
80	1	80	3	286					80
77					1	77	2	207	77
73	1	73	4	359					73
72	1	72	5	431					72
58	1	58	6	489					58
51	1	51	7	540					51
50	1	50	8	590			2	207	50
26 to 49	2	87	10	677	5	192	7	409	26 to 4
21 to 25	1	24	11	701	6	138	13	547	21 to 2
16 to 20	4	74	15	775	8	151	21	698	16 to 2
11 to 15	9	118	24	893	11	141	32	839	11 to 1
6 to 10	17	119	41	1012	22	160	54	999	6 to 1
5	9	45	50	1057	9	45	63	1044	5
4	22	88	72	1145	8	32	71	1076	4
3	23	69	95	1214	21	63	92	1139	3
2	49	98	144	1312	28	56	120	1195	2
1	47	47	191	1359	37	37	157	1232	1
Net relative change				127					

Note:—This is a frequency table, analyzing by magnitude and number the relative gains and losses shown also in Table 3.

TABLE 5

RECONCILIATION OF PRIOR TABLES WITH OFFICIAL RECORDS

	Hayes	McCarthy	Majority
Original official canvass	105,412	105,976	564
Loss by recount	139	266	127
Leaving	105,373	105,710	437
Disputed ballots which had been included in official canvass and were omitted (by inadvertence?) from totals at end of recount	132	133	
Official canvass as declared after recount	105,141	105,577	436

TABLE 6

LEGISLATIVE RECOUNT—EFFECT ON CANDIDATES' VOTES

Order of Candidates on Precinct Returns	Candidate and Party	Fifteen Precincts Actually Recounted						Hypothetical Changes in 671 Precincts—if same rate of gain or loss applies throughout			
		Precincts			Votes			Original Official Vote	Hypothetical		
		Correct†	Gain	Loss	Gain	Loss	Net Gain or Loss		Changes—all Precincts	Corrected Vote	Order of Candidates
1	D 1	2	8	5	84	12	72	122,364	3221	125,585	1
2	D 2	2	8	5	77	33	44	122,281	2456	124,637	2
3	R 1	3	8	4	42	11	31	121,849	1383	122,232	3
4	R 2	2	9	4	43	12	31	120,039	1383	121,422	4
5	R 3	3	7	5	39	11	28	118,907	1249	120,156	7 ↓
6	D 3	1	8	6	77	33	44	117,998	1967	118,965	9 ↓
7	D 4	5	7	3	85	9	74	117,708	3309	121,017	5 ↑
8	D 5	3	7	5	69	15	54	117,610	2416	120,026	8
9	R 4	2	7	6	34	23	11	117,554	490	118,044	10 ↓
10	D 6	2	6	7	77	14	63*	117,477*	2819	120,294	6 ↑
11	R 5	2	9	4	31	15	16	115,726	712	116,437	11
12	R 6	2	7	6	40	20	20	115,415	895	116,310	12
13	R 7	4	6	5	21	10	11	114,560	400	115,050	14 ↓
14	D 7	2	7	6	68	18	50	112,361	2237	115,598	13 ↑
15	R 8	3	7	5	34	15	19	111,132	846	111,978	16 ↓
16	D 8	1	8	6	67	23	44	110,941	1967	112,908	15 ↑
17	D 9	3	5	7	57	18	39	108,791	1745	110,536	17
18	R 9	3	6	6	34	53	—29	102,687	—1296	101,391	18
Total vote cast		3	1	11	39	46	— 7				

*Note that the recount reduced the margin of defeat from 77 votes to 25.

†45 of 270 candidate reports correct.

TABLE 7

LEGISLATIVE RECOUNT—CHANGES BY PRECINCTS

Precinct	Candidates Returned Correctly	Candidates Gain	Candidates Lose	Votes Gained	Votes Lost	Net Votes Gained	Net Votes Lost	Changes in Total Vote Cast
1	15	3	0	3	0	3		—4
2	2	5	11	52	27	25		—1
3	9	6	3	8	4	4		0
4	0	9	9	17	38		21	+39
5	8	1	9	1	40		39	0
6	2	9	7	59	12	47		—8
7	0	9	9	73	57	16		—5
8	0	13	5	33	39		6	—2
9	1	17	0	293	0	293		—8
10	2	1	15	1	50		49	—2
11	0	15	3	61	11	50		—1
12	0	18	0	41	0	41		—6
13	1	9	8	253	8	245		—8
14	5	6	7	8	16		8	0
15	0	9	9	66	22	44		—1

it seems to lack the virtues of thoroughness and certainty.

WHAT ELSE?

Of course no one would suggest an obligatory complete recount. Why make correctible errors in the first place? After the completion of the recounts described in this paper leaders of both sides spoke up, spontaneously, in favor of a central original count. This proposal goes upon the assumption that paper ballots, and not voting machines, are still to be used, and it goes in some measure upon the assumption that we shall make progress slowly toward the short ballot.[2] And it got nowhere in the 1933 legislature.

Might there be less weakness in the precinct count if the ballot could be shortened enough? England in parliamentary elections has a shorter ballot than we shall attain, and she counts them all together, not even keeping separate results by polling places. There is nothing inconsistent between the short ballot and the central count.

Everything But the Windmills in the Principalities of Louisiana

CERVANTES lived too early, and his memorable creation of Don Quixote and Sancho Panza was premature. For not in Spain, but in our modern United States, in the Principalities of Louisiana, there are to be erected and placed in the command of kings and queens, castles built at public expense and filled with retinues of liveried servants. Such will be the new mode of living if H. B. 654 now before the legislature passes.

For those who don't believe in modern Don Quixotes, the legislative masterpiece is quoted completely:

"An act to make every man a king, every woman a queen; to provide crowns, castles, kingdoms and emoluments due such royalty in the state of Louisiana.

"Section 1. Be it enacted by the Legislature of Louisiana that the title of king shall be conferred upon every male citizen of Louisiana. In addressing a citizen of Louisiana it shall be required to address as follows: 'Your Majesty.'

"Section 2. Every king and every queen shall be entitled to a crown, a $90,000 castle, a hotel suite, a pair of green silk pajamas and $50,000 annually.

"Section 3. Every king shall be entitled to a queen (or a harem if desired).

"Section 4. In order to provide for the crowns, castles, etc., for the kings and queens of Louisiana a tax of $10,000 annually is made upon the sacred Standard Oil Company.

"Section 5. This act shall become effective on the day that the share-the-wealth program becomes effective."

But there is one equipment lacking. The windmills were overlooked. Perhaps the "Committee on Printing" to which the bill was assigned will discover the omission in time to add an amendment, providing for some worthy foe against whom each of the new kings can battle with sword and lance.

Of course, Louisianians have a suspicion that the windmills were not overlooked, for between the lines they read the puns from Senator Long's autobiography "Every Man a King."

HAROLD A. STONE
New Orleans Bureau of
Governmental Research

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[2] It is not suggested that error is impossible in the central recount. Three certain precincts were included in both recounts. In one of the three the first recount corrected the statement of total precinct vote by one, the other by six.

NEWS OF THE MONTH

County Government Amendments in New York.—As this issue of the REVIEW goes to press there seems a strong likelihood that constitutional amendments opening the way for fundamental improvements in county government throughout the state will pass the current special session of the New York legislature.

As explained in the July REVIEW by Richard S. Childs, chairman of the New York City Charter Commission's committee on county government, the session was called for July 10 by Governor Lehman, at the request of the commission in order to avoid a two-year delay in the reform and partial abolition of the five county governments within the city. The constitutional amendment prepared by the Commission for this purpose has been introduced by the Democratic majority leader, John J. Dunnigan, in the senate and the New York City Republican leader, Abbot Low Moffat, in the assembly, and seems likely to pass with only minor amendments. It leaves district attorneys and judges unchanged, makes county clerks appointive by the Appellate Divisions of the Supreme Courts and gives them the duties of commissioners of jurors and their present duties as clerks of the courts, and allows the municipal assembly to abolish all other county offices and assign their duties to appropriate city or court officials.

In his call for the special session Governor Lehman included a request for the modernization of county government by constitutional amendment in the counties outside New York City and referred to his strong message in behalf of local government reform at the beginning of the last regular session. "Today," he said, "the taxpayers in every part of this state demand a form of local government more up-to-date in structure, more efficient, and more economical. It is plain that the achievement of their desires will lessen the load of local taxation."

Senator Seabury C. Mastick (Republican), who sponsored the Governor's amendment for upstate counties at the regular session, Senator Thomas C. Desmond (Republican), who sponsored a somewhat more comprehensive amendment with self-executing provisions for home rule and including New York City, and Senator Stephen J. Wojtkowiak (Democrat), who sponsored a very limited amendment on behalf of the county government commission of Erie County, all promptly re-introduced their measures which passed the senate earlier in the year. But the surprise move was made by the Republican leader, Senator George R. Fearon, who promptly put in an amendment combining into one the Dunnigan amendment for New York City and the Mastick amendment for the rest of the state. The Republicans had killed all the upstate amendments in the assembly rules committee at the regular session, including the Mastick bill incorporated in the Fearon bill and the Desmond bill, which like the present Fearon bill included New York City. Their present right-about-face seems sure to bring the passage of amendments affecting all counties and to rob the Democrats of this popular issue in the approaching gubernatorial campaign. At Ex-Governor Smith's suggestion it is expected that the Dunnigan-Moffat, Mastick-Kelly, and Fearon-O'Mara amendments will all pass this session, leaving to the next legislature the decision as to whether separate or combined amendments are to be submitted for the two parts of the state.

The Mastick amendment allows the legislature by optional forms of county government to abolish or make appointive present elective constitutional offices and to transfer functions among the various units of local and state government. Before becoming effective in a county such a form must receive a majority vote in the county as a whole, in any municipality containing more than a quarter of the county's population, and in the county outside such municipalities. This last provision is under attack from some quarters as being unnecessarily restrictive, as is the failure of the amendment to allow the legislature to modify constitutional offices and redistribute functions by general law.

In preparation for the special session the National Municipal League sent a questionnaire on county government to a considerable number of organizations of citizens throughout the state and held a conference on the subject at the Town Hall, New York City, on July 9, attended by twenty-seven delegates from organizations in Nassau, Orange, Rockland, Ulster, and Westchester Counties. Replies to the questionnaire were received from over thirty local organizations in sixteen counties and three state-wide organizations, the League of Women Voters, the State Charities Aid Association, and the State Federation of Women's Clubs. Those who answered the questionnaire and also those who attended the conference were nearly unanimous in support of the following proposals:

1. That a constitutional amendment to facilitate improvements in county government outside New York City should be passed at this session of the legislature;
2. That such an amendment should allow constitutional offices to be abolished or made appointive;
3. That it should allow the transfer of functions among the various units of local government.

A majority were also in favor of allowing these new powers to be exercised either by the legislature by general law or by local action within the county. The conference amplified this position by recommending that local action should not be taken by the county board of supervisors but only by vote of the people initiated by the legislature or by petition. The conference also agreed that it would be wiser to submit separate amendments for New York City and the rest of the state.

The Desmond amendment meets these requirements except that it includes New York City and allows county supervisors to initiate changes. The Mastick-Kelly amendment meets them except that it does not allow the legislature to exercise the proposed new powers by general law. The recommendations were sent to the legislative leaders, to the organizations which participated in them, and to the press.

P. S. August 3.—The Fearon, Mastick, Dunnigan, and Wojtkowiak bills passed the Senate, but only the Fearon bill has passed the assembly. In spite of the supposed agreement, the Republican leaders in the assembly are taking no chances on a Democratic legislature, which might pass only the Mastick upstate bill, next time.

The following two notes were written before the New York City Charter Commission's meeting of August 2, when Governor Smith, Judge Seabury, and others decided to resign because of developments which made them feel hopeless of constructive results. The notes are still of some importance as indicating the lines along which progress may still be made, perhaps through some other agency.

A Vote to Submit P. R.—At its meeting on July 24, the New York City Charter Commission voted 19 to 9 to submit proportional representation to the voters of the city next fall. It had previously voted 18 to 10 against the principle, but since the law creating the commission had expressly authorized the submission of P. R. as a separate question not affecting the fate of the rest of the charter, most of the members were willing to let the voters decide the matter for themselves. Alfred E. Smith, chairman of the commission, was among the opponents of P. R. who favored the action taken. Samuel Seabury, vice-chairman, is an enthusiastic champion of the system.

The commission's committee on P. R. had strongly recommended it in a majority report signed by Norman Thomas (Socialist), chairman, and George Brokaw Compton (Republican). A minority report opposing even its submission was submitted by Mrs. Alice Campbell Good (Democrat). The majority report recommended the Hare system of P. R. with a fixed quota and borough-wide districts. It also recommended separate submission of the corresponding system of majority preferential voting—commonly known as the alternative vote—for mayor and comptroller. As we go to press this issue has not been decided. The two majority members divided on the question of a non-partisan ballot, but it seems likely that the commission will favor some scheme for party designations.

The favorable report on P. R. followed strong support of the Hare system, at two public hearings and by written statements, from an impressive array of political and civic organizations. The Republican Party (through spokesmen for its Manhattan and Brooklyn organizations), the City-Fusion Party, the Socialist Party, and the Knickerbocker Democrats—all the principal party organizations except the Democratic regulars and the Communists[1]—supported it. The civic groups on record for it include the Citizens Union, the City Affairs Committee, the Joint Committee of Teachers' Organizations, the League of Women Voters, the Merchants Association, the New York Board of Trade, the New York League of Business and Professional Women, and the Women's City Club.

New York City Borough Government.— At the same meeting on July 24, the commission voted 15 to 13 for a new plan of borough government which was substantially the same as the one advocated by the Civic Conference of New York City, specifically endorsed by the Conference organizations listed above, and outlined for the commission in a timely memorandum by Mr. Compton.[2] It represented a victory for Governor Smith and Judge Seabury, who had been voted down in their pleas for borough government reform the week before. The proposition adopted reads as follows:

> There shall be a borough president elected by direct vote of the people in each borough. He shall be a member of the city legislative body with a vote on all questions coming before it. He shall be chairman of the local improvement board or borough council and have an office in the borough hall. He shall have no administrative or executive functions, but it is understood that if a central department of public works is created it shall have an office, with an administrative head in each borough.

If this position is maintained against vigorous protests from influential sources in Brooklyn and Queens against taking away any of the present powers of the borough presidents, and if the commission decides on a single-house city legislature, all of the major recommendations of the Civic Conference except the city manager plan will have been adopted for submission to the voters in the fall. The Civic Conference, as explained in an earlier issue, is the "citizens' council" of New York City.

George H. Hallett, Jr., *Secretary*
Citizens Union of the City of New York.

* * *

Michigan—County Reorganization Leaps First Barrier.— The drive for signatures to petitions which will place the issue of county reorganization on the ballot in Michigan has gone over the top. By means of constitutional initiative the voters of the state themselves will now decide the question of reform. The State Committee on County Reorganization is headed by Claude H. Stevens, former state senator. In the Detroit metropolitan area the campaign for signatures was conducted by William P. Lovett, and in the other counties of the state by Clarence V. Swazel, offices being set up in Lansing and in Detroit. Although the campaign for signatures did not get under way until three months before the filing date, some 250,000 names were obtained, well over the number required to put the amendment on the ballot next November. By the last week of the intensive drive, signatures were pouring into headquarters at the rate of 15,000 a day from all sections of the state. The repeated refusals of the Michigan House of Representatives to submit the issue of county reform to the voters apparently has raised the public ire.

Careful organization of the campaign brought success to the enthusiastic workers. Volunteer committees in the populous counties guided local efforts in circulating the petition. The League of Women Voters and numerous other civic, professional, and business groups by their volunteer services ensured the outcome of the signature campaign. The amendment has the almost unanimous support of the daily newspapers of the state, and they gave it wide-spread publicity. What opposition there was came from rural weekly papers that object to the possible elimination of township representation on county boards under optional laws or home rule charters.

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[1] The Communists wanted a party list system. The Democratic organization was not heard from officially.

[2] The only difference is that the conference plan called for borough presidents elected by the borough councils instead of by direct vote of the people.

The task of carrying forward the educational campaign for adoption of the amendment will rest upon these same groups under the leadership of the State Committee on County Reorganization.

Briefly, the amendment will permit the legislature to set up optional plans of county government other than that provided by the state constitution. County boards by a two-thirds vote may submit to the voters a new plan of government. The electors of a county by initiative petition may likewise submit a new plan of government to popular referendum. Thus, neither the state legislature nor the county board through failure to act may prevent reorganization in a county where the voters demand it by initiative petition. Any plan of government submitted under the amendment must be approved by a majority of the electors voting on the question before it can take effect. While no county will be forced to alter its existing organization, any county will be free to do so.

A. W. Bromage
University of Michigan

* * *

National Committee to Renew Pay Your Taxes Campaign Efforts.—The National Pay Your Taxes Campaign, launched late last fall to assist municipal governments in collecting current and delinquent taxes, will be carried on with renewed vigor during the fall and winter of 1934-35 according to arrangements now being made by the national committee, of which Sanders Shanks, Jr., editor of *The Bond Buyer*, is secretary. The campaign is directed by the National Municipal League.

Results secured by the campaign during the past year have been highly successful. It will be recalled that at the time the campaign was begun, tax strikes had assumed serious proportions in many cities throughout the country, threatening the very foundations of local government. In other sections lax and inefficient collection methods, popular indifference, and a willingness to take advantage of the current economic situation to escape payment of taxes had resulted in disproportionately high tax delinquencies. Vicious legislation in many states had effectively pulled the teeth of collection laws and left local officials without any means of enforcing their cities' claims against taxpayers. The net result was that cities, on the one hand, were unable to secure sufficient funds to finance current needs and, on the other, could not borrow for the extraordinary needs caused by unemployment and general depression conditions.

Perhaps the most marked improvement during the period of the campaign has been in the restoration of municipal credit. As has been pointed out in this department before, many cities are today borrowing money at rates approximating the best they secured three and four years ago. At the same time the tax strike has been virtually eliminated from the American scene, large amounts of tax arrears have been secured in cities where campaigns were put on, and current tax collections have been stimulated in varying degrees throughout the country. All the credit for the improvement obviously cannot be claimed by the Pay Your Taxes Campaign. But the campaign's efforts have been definitely responsible for the upswing in a large number of specific instances, while the publicity and educational work carried on over the radio and in the press has been of incalculable value in strengthening taxpayer morale and informing public officials of the effectiveness of tax collection programs which have been conspicuously successful elsewhere.

The committee's determination to continue the campaign is caused by two factors. In the first place, it is felt that the improvements in current collections are spotty and uneven, and must be followed up effectively if the ground gained during the year is to be retained. Further, large amounts of delinquent taxes are still outstanding in many cities. Many municipalities will not feel the stimulus of economic improvement for some time, and education of the taxpayer to his responsibility in these centers will be in many cases the only real weapon in the hands of public officials.

In the second place, the general public is as yet ignorant, or at best only dimly aware, of the effects of much existing and proposed legislation purporting to lighten the burden of the distressed taxpayer. Wholesale remission of penalties, indiscriminate extension of periods before which taxes become delinquent, and indefinite postponement of dates for tax lien sales, have almost without exception aggravated the delinquency problem and in so doing increased the burden on the conscientious taxpayer meeting his tax bills promptly. There is a crying need for effective popular education here.

The renewed campaign will continue to assist local governments faced with acute tax delinquency problems, and will at the same time provide publicity on many of the phases of tax collection on which sane and wise legislative action is vitally necessary. The first round in the fight to secure satisfactory revenues for local governments has been successful. Continued action and increased citizen support must be enlisted, however, before the majority of our cities will have won their battle to assure taxpayers of all the services they demand.

Oklahoma Supreme Court Blocks Governor's Penalty Waiver Order.—The Oklahoma State Supreme Court has reversed a test ruling from the Carter County District Court, thus declaring illegal an order of Governor Murray remitting tax penalties "on all classes of property upon which taxes are levied for the state, county, or any subdivision thereof, levied and assessed for the year 1933, and all prior years thereto from the beginning of statehood." The penalty was to be waived only if the taxpayer paid his delinquent taxes by July 1.

Justice Monroe Osborn's decision declared that neither the state constitution nor legislative acts authorized the governor "to remit, by exclusive executive order, the penalties on delinquent ad valorem taxes." Governor Murray had attempted to remit the penalties under the pardon powers invested in the governor by the constitution.

Enforcement of tax collection throughout the state has been at a standstill since the order was issued, tax officials and city attorneys being loath to proceed with distress collections until their personal liability under the governor's order was clarified. The supreme court's ruling is expected to affect tax collections through the state and should permit immediate constructive action in a number of localities where it has been delayed.

WADE S. SMITH.

* * *

Law of Municipal Corporations to be Discussed at Bar Association Meeting.—At the annual meeting of the American Bar Association in Milwaukee, Wisconsin, a round-table discussion has been arranged for Monday afternoon, August 17, by the committee on the law of municipal corporations. Three papers will be presented and discussed: "Legal Problems Affecting the Non-Federal Phases of the Federal Public Works Program", by Frederick Wiener of the federal emergency administration at Washington; "State Receiverships of Municipal Corporations ", by Henry F. Long, state commissioner of corporations and taxation, Boston, Mass.; and "Immunity of Municipal Corporations from Tort Liability", by Dr. Edwin M. Borchard of Yale University.

Second Short Course on Police Administration at Ohio State University.—The success of the first short course on police administration, held at Ohio State University, Columbus, Ohio, in March (see page 324 of the REVIEW for June) has led to arrangements for a second course to be held there in September. The latter will include not only a beginning section but an advanced section, to which those who attended in March and other police officers of long experience will be eligible. They will run simultaneously from September 3 to 8. A moderate fee is charged. Dr. Harvey Walker will direct the course, which will be available to police officers from any city or county of the state that authorizes such attendance.

City Managers' Conference.—Preparations are now being made for the twenty-first annual conference of the International City Managers' Association at St. Louis, Mo., October 15, 16, and 17 of this year.

H. M. OLMSTED.

* * *

New Orleans Victimized by Political War.—A feud having all the earmarks of a civil war rages between the two powerful Louisiana political camps as former partners now battle for control of New Orleans, with Senator Huey P. Long, still controlling the state, seeking to override Mayor Walmsley.

Long's latest move is an enigma. After proclaiming partial martial law, he ordered the National Guard to seize the office of registrar of voters. The obvious question is, why should he place under arms a state office already in his control? Perhaps it was to prevent Walmsley from taking possession, as he did last year after Long had surreptitiously scratched from the rolls names of unfriendly voters preceding the city election. There is a congressional primary next month, on which Long counts heavily.

If Long's plan was to intimidate city officials, it has been a failure. The administration changed the police from three to two shifts and armed five hundred raw recruits to ward off a rumored seizure of the city hall. Efforts of Long to replace the police commissioners and the city assessors with state appointees will be fought to the limit by Walmsley, who has already secured a court order demanding immediate demobilization of the National Guard in the city.

Behind the present situation is the fact that Mayor Walmsley is still smarting under the move of Long in ordering the legislature to pass bills which, first, released the convicted election commissioners who stole the 1932 election for Long; second, stopped the annual grant of $700,000 from the state gasoline tax for city streets; and third, moved the police from under the mayor to a new independent board. It is still too early to predict the winner of the feud, but it is a foregone conclusion that the citizens will lose whatever the outcome.

New Orleans Bureau of Municipal Research
HAROLD A. STONE

A CORRECTION

The Editor wishes to call attention to the fact that in the bonded debt compilation published in the June REVIEW Mr. Rightor's commentary erroneously reports Chicago as having a per capita debt of $215, the highest in census group I, whereas the table shows that this figure is the per capita debt for Philadelphia, while Chicago's per capita debt is only $113.57. In justice to Chicago, we are glad to call attention to this correction.

MISSOURI REORGANIZES

(Continued from Page 432)

meet the problem, the purchasing agent approves purchase orders for supplies held by the head of a department as "essential" to the conduct of said department, informs vendors of the revenue situation, and invites them to furnish the supplies with the understanding that the transaction does not become a legal "purchase" under the act until the revenue fund later shows an unencumbered cash balance sufficient to pay for such supplies. The attorney-general has held the above practice to be violative of the intent and purpose of the act but the purchasing agent has refused to be bound thereby.

Marked progress has been made by the state auditor's office in preparing uniform accounts and records for certain county offices. The accounts have been installed in approximately fifty of the 114 counties in the state and it is anticipated that the initial work of installation will be completed by January 1, 1935, despite the limited field force available for the work. Less progress is evident with respect to the development and installation of a uniform state accounting system. The quarterly report of expenditures mentioned above required some state agencies to keep accounts for the first time. A more detailed plan for reporting expenditures has been devised but awaits final approval. At present uniform accounting systems for various groups of state agencies, such as the educational and the penal institutions, are contemplated.

THE FUTURE IN MISSOURI

Considering the limitations imposed by inadequate appropriations, unworkable statutory provisions, and in some instances inexperienced personnel, a good beginning appears to have been made in the direction of an integrated state administrative system for Missouri. Further changes in structure should be effected. A "short ballot" amendment, which received considerable support in 1931 but which was not introduced in 1933, should be adopted. A permanent civil service, based upon the merit principle, is an essential prerequisite of a more efficient and economical state administration, but he would be optimistic indeed who would predict the early demise of the spoils system in the "show me" state.

NATIONAL MUNICIPAL REVIEW

SEPTEMBER · 1934

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NRA
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THE LEAGUE'S BUSINESS

You and Your Government.—The ninth series of You and Your Government broadcasts, entitled "Trends in Government," will go on the air October 2, continuing until January 29. These programs may be heard from 7:15 to 7:30 eastern standard time every Tuesday evening over a nation-wide network of the National Broadcasting Company. The first speaker, scheduled for October 2, is Dr. Charles A. Beard, whose subject will be "The Crisis in Local Government."

* * *

A Message from Abroad.—The League has just received the following interesting news item from its Secretary, now in Germany:

Paris, August 15.—One of the most interesting and perhaps historically significant international conferences that has taken place within recent years was a quiet little round table session that took place in the *Office des Habitations a Bon Marche* of the Department of the Seine, July 23 to 27, following the meeting of the International Union of Cities at Lyon, July 19 to 23.

With the international political and diplomatic situation in a turmoil, indeed, on the very day that Chancellor Dollfuss of Austria fell before an assassin's bullet, representatives of sixteen nations were planning the establishment of an international center for the exchange of information concerning problems and solutions in the field of public administration. Behind all the discussion lay the realization that, whatever the political policy of a government might be, in the last analysis government was concerned with services to human beings and those services must be provided without interruption.

To appreciate the atmosphere and the importance of the round table, it is almost necessary to picture the meeting of the International Union of Local Authorities which preceded it. Here, a casual observer could hardly have failed to have been impressed by two things: first, by the technical nature of the discussions which revolved about administrative problems of government; second, by the very apparent understanding that existed among those present. They were talking different languages yet they were talking the same language. Their problems and their interests were in many respects identical.

The United States was officially represented by delegates at the meeting of the International Union for the second time. These delegates, appointed by the department of state, included: Louis Brownlow, Director, Public Administration Clearing House; Charles E. Merriam, Professor of Political Science, University of Chicago; Paul V. Betters, Executive Director, American Municipal Association; Howard P. Jones, Secretary, National Municipal League; Meyer C. Ellenstein, Mayor of Newark, New Jersey; Morris B. Lambie, Executive Director, League of Minnesota Muncipalities; Frank C. Higginbotham, Executive Director, Oklahoma Municipal League; Harold D. Smith, Director, Michigan Municipal League; Walter Nelson, Jr., Director, League of Texas Municipalities; and Guy Moffett, Executive of the Spelman Fund.

There is hardly an important country in the world that does not have research agencies actively at work in the endeavor to solve some of the more vital and difficult problems of political science, many of which, perhaps most of which, come in the field of administration rather than politics. In the United States extensive research in both fields has been and is being carried on. But if the problems of public administration are common to all nations, why confine such research to the United States? Why not endeavor to discover whether a particular problem has been solved by some other country with a different culture and a different approach to the problem? Why not, in other words, establish a research agency which might serve as a telephone exchange between the various countries of the world?

(Continued on Page 492)

Editorial Comment
✣
September

NATIONAL MUNICIPAL REVIEW

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Toward Representative Government

"The method by which, in my opinion, truly representative government can be introduced in New York is by the adoption of a system of proportional representation, as a result of which every substantial group of voters in the community would be represented in the governing body in proportion to its relative voting strength.

"We would then see an end of the unfair system which has prevailed in New York City, by which one political group, which does not have even half the votes, usually elects practically the entire board of estimate and the entire board of aldermen, leaving all voters of other convictions without a single representative in the government of the city."

Samuel Seabury, broadcasting his successful appeal for a new charter commission for New York City on August 8, summed up in these words the place of proportional representation in the thorough-going charter revision which he covets for the world's greatest city. The old commission, from which he had just resigned with Ex-Governor Smith and four others, had itself voted to submit "P.R." to the people. At its hearings not only the civic groups with startling unanimity but all the important political groups except Tammany and its allies had appeared in support of the principle.

In Philadelphia, where no Democrat has been elected to the city council in recent memory and where representatives of the vast numbers of independent Republicans are only a little less rare, Judge Seabury's words would be equally appropriate. Philadelphia too has its insistent demand for proportional representation, thus far kept from a vote by the Vare machine but with real hope of success in the legislature next winter.

Pittsburgh, Boston, Toledo, Kansas City, Seattle, Portland—these and many smaller cities seem within striking distance of the same goal. Cincinnati, Hamilton, and Boulder continue in the forefront of well-governed cities and their civic leaders give P.R. a large share of the credit.

Over in Canada the Liberal leader W. L. Mackenzie King repeats his pledge to apply P.R. to parliamentary elections in the urban centers if returned to power, and recent Liberal landslides in Ontario and Saskatchewan make it appear that he will not have long to wait.

In the Irish Free State, where the most approved form of P.R. is in use for all elections, the principle has been upheld this year in the conventions of both major parties.

In the commonwealth of Australia, where the province of Tasmania has used the same form of P.R. since 1907, New South Wales has just applied it to the upper house of its legislature and there is renewed civic activity for its general adoption in that province and also in South Australia and Victoria.

A look around the world, or even around our own country, makes it evident that this feature of the National Municipal League's model city and county charters and model state constitution must be taken seriously. It is no mere fad. Neither is it just another of the tools of improved modern government.

There is an increasing realization that it is the one governmental device which, if properly geared with others, will make it certain that all the tools of government are used by the right people. Without it, as Mayor Russell Wilson of Cincinnati told an influential group organizing for better government in Springfield, Ohio, even the most efficient of city manager arrangements may bring to the people only such benefits as will not inconvenience a Pendergast (Kansas City) political machine. With it no machine can hope to control unless it has the genuine support of a majority of the voters, and that no unrepentent machine of the Curry-Vare-Thompson-Hynicka variety can nowadays hope to have.

Take New York City. Three years ago Tammany and its allies elected every alderman but one—sixty-four out of sixty-five. Yet its actual vote in the final election was only 65 per cent. And that was after it had weeded out the independent Democrats by the primaries and by the sheer discouragement of past failures. If we make the very moderate assumption that 20 per cent out of the sixty-five who voted Democratic would have preferred to elect independent Democrats of the type exemplified by Judge Seabury, it becomes evident that the Democratic organization was actually in a minority. Under P.R. it would have elected only its corresponding minority of the members, as the once equally powerful Republican organization minority has done year in and year out under P.R. in Cincinnati.

With the contrast between Cincinnati's past and present governments in view and the contrast between the present government in most other cities and the sort the average voter wants in mind, it is scarcely too much to say that until we have P.R. we do not have representative government.

Real representative government is one in which the representative body is really representative and in which it has power to govern. In cities that means proportional representation and the city manager plan.

At least the first part of this prescription New York City may be about to try. If it does the results should do even more than Cincinnati's recovery to defeat the opposition of political medicine men and carry it to every debt-sick and boss-sick city in the land.

George H. Hallett, Jr.

"The progress in the last quarter century in many of our governments has been sure and generally upward. That of the next decade will be more intelligently planned and conducted. We are beginning to realize at last that the local units are the cornerstone upon which the nation is constructed. As governs the county or city, so governs the state and the nation, is good practical politics."

Edwin A. Cottrell, Stanford University,
In *Public Management,* July 1934

HEADLINES

Pescadero Reclamation District 2058, San Joaquin County, California, reaches a compromise with its creditors under the new Municipal Bankruptcy Act, the first governmental unit in the country to take advantage of this legislation, according to *Municipal Finance.*

* * *

Michigan's assessed valuation for 1933 is announced as $5,830,000,000, declining from $8,564,000,000 in 1929. But the old county governments of 1835 still live.

* * *

Taking stock of the state's school system, the *Wisconsin Taxpayer* makes the picturesque discovery that the Badgers have more school board members than teachers. This is because every school district is an independent, tax-levying government with three board members, so that 6,300 one-room, one-teacher rural schools are administered by nearly 19,000 elected board members. Another reason why states go broke.

* * *

Duluth proposes to prohibit by ordinance cats and dogs from entering public dining rooms and kitchens. Wall street watches results with interest, as the ordinance idea might be adapted to controlling the Stock Exchange species of these same little animals.

* * *

Akron joins the growing list of cities that are considering municipal distribution as a feasible way out of the milk problem. Interest in municipal milk plants is widespread, but so far the enthusiasts for the idea are all willing to let some other city try it first—which altruism the commercial milk dealers are the first to commend.

* * *

New York City's $58,000,000 bond issue was oversubscribed in less than an hour. This, comments the *United States Municipal News,* shows a general improvement in the municipal securities market, but does not mean that the crisis has passed.

* * *

Springfield, Mass., sells a short-time bond issue at .19 per cent—a record for low rates.

* * *

Milwaukee reports an estimated saving of 15 per cent on city supplies, due to its centralized purchasing system.

* * *

Commenting on the proposed Tax Limitation Amendment in Oregon, the *Oregon Voter* says, "The tax disease is so severe, so nearly fatal, that property taxpayers will reach for this remedy like children reaching for candy. We look forward to its being swallowed determinedly and triumphantly by a huge majority. Its good effects will be immediate, its evil effects that of the kind of creeping paralysis that feels comfortably delightful at first and which makes Arkansas Crackers out of people who come to like it."

* * *

A permanent committee to study motor vehicle problems in the western cities is established by the Western Bus and Truck Owners Conference.

* * *

One positive benefit among the depression's many dubious contributions to civic progress is the development of public foresight to supplant hindsight in the handling of public relief affairs. Seventy-nine American cities, as against practically none in 1929, are conducting surveys to determine occupational possibilities of their needy unemployed. Arkansas and Pennsylvania are making studies to develop permanent relief policies for the future.

* * *

Many foreign countries use "courtesy methods" in dealing with minor offenders according to Donald P. Stone, of the Public Administration Service. In England, for example, over nine-tenths of the offenders in minor crimes and about half of those charged with indictable offenses are brought to court through use of a summons instead of by arrest. The English police find arresting unnecessary, an inconvenience to the offender and costly in police time and expense.

* * *

Colonel O. W. Hoop, sometime professor of history in the University of Tulsa, and now Commissioner of Police in that same Oklahoma city, announces these two planks for his platform in handling the city jail: "The city jail should not be a glorified country club. The jail should be so uncomfortable that the star boarders do not want to return."

Tulsa may be an exception, but the average American city would have no difficulty in pointing out dissimilarities between its jails and its country clubs. And most of the "star boarders" aren't there because they like it, anyway.

* * *

Senator Royal S. Copeland, in submitting a report of the senate committee on crime investigation, asks for more stringent interstate restrictions on firearms, and also for further regulation of juvenile crime. Evidently the senator holds that it should be no function of our well known schools of crime to teach the young idea how to shoot.

* * *

Texas, according to its state comptroller, collected a million dollars more of delinquent taxes the first part of 1934, than on the same date in 1933. This means either that the Texans are getting richer and can afford to pay up, or are getting poorer and incurring more delinquencies, or that the pay-your-taxes campaign is working this year, or that it didn't work last year, or perhaps something else. Anyway, they got the money.

* * *

"We can continue," said Dr. Edwin A. Lee, San Francisco's superintendent of schools, before the Commonwealth Club of that city, "to think in horse-and-buggy terms while riding at fifty miles an hour if we want to. Or we can perform that most difficult of all human tasks, adjust our thinking to the realities of today." Dr. Lee at the time was discussing the interesting facts that one out of every four American cities shortened their school terms and 100,000 children were kept out of school last fall for lack of funds.

Wisconsin's Broadcasting System

Radio proves a strong link between the public and its government

ELTON D. WOOLPERT

University of Chicago

The problems of radio broadcasting, always sure to arouse public interest, have been given unusual atten- present debating the Dill Communication in recent months. Congress recently passed the Dill communications control bill which establishes a new commission to succeed the present Federal Radio Commission; debating teams throughout the country have discussed the subject of British versus American systems of broadcasting; and many articles on radio have appeared in current issues of popular magazines. Those who have been following the subject have been impressed with the growing intensity of the controversy regarding the proper relation of government to the radio broadcasting industry, and it requires no prophetic vision to foresee that private versus public control of broadcasting is rapidly becoming a major national issue.

Throughout all of the varied forms of discussion of the problem, there is no issue more certain to draw fire from all parties concerned than that of government censorship of radio. Those who favor private ownership of broadcasting are alarmed at the thought of placing such a powerful instrument of public opinion in the hands of the government, and instances of dictatorial abuse of radio control in other countries are cited to indicate what we may expect if private ownership is abandoned in the United States. The proponents of government control deny that public ownership necessarily results in curbing freedom of speech over the air, and the counter-charge is made that in the United States we have a private censorship by station managers that is more vicious and less responsible than any which might come of official control.

Inasmuch as most of the arguments presented are more heated than enlightening, and since a large part of the predictions are made on the basis of foreign systems not well understood in this country, it may be of particular value to call public attention to the policies and experience of a government-owned station in this country which has been a pioneer in the field of educational and political broadcasting.

The station, or stations, referred to are those owned and operated by the state of Wisconsin, WHA and WLBL. The former is located at the University of Wisconsin at Madison, and the latter, at Stevens Point, is operated by the department of agriculture and markets. Wire lines now connect the two stations, and, although each retains its identity, many of the leading programs originating in the WHA studios are also broadcast by the Stevens Point station, thus making it possible for the linked stations to reach effectively about 90 per cent of the people of the state. A move was started in 1930 to merge the two stations, but the petition for a single 5,000 watt station was denied by the Federal Radio Commission, and the present chain hook-up was devised as the only means of providing for state-wide coverage. WHA, being located at Madison, the state capitol and home of the University of Wisconsin, has more available talent for the type of program to be discussed in this paper, so the larger part of our attention will be focused on the Madison station, but the relations with WLBL should not be overlooked.

A STATE STATION

WHA, although originally operated as a part of the University, is now truly a state station, operating under a separate budget appropriation. In addition to the university radio committee (composed of one representative from each college) which acts as a sort of board of directors for the station, there is also a somewhat informal state radio committee, made up of state officials whose departments participate in the station's governmental broadcasts. Thus we find that WHA is more than a university station—it is, as its announcements indicate, the Wisconsin State Broadcasting Station.

Although the Wisconsin radio stations provide a number of educational features worthy of commendation, our attention will be concentrated on those programs dealing with political and governmental subjects. These may be classified under the following heads: (1) campaign broadcasts, (2) legislative broadcasts, (3) state capitol visits, (4) radio forum, (5) taxation talks, and (6) informational broadcasts.

Perhaps the most unique contribution made by Wisconsin to educational broadcasting is its series of campaign broadcasts. At the instigation of the university radio committee, a meeting of representatives of the five political groups of the state and officials of the two radio stations was held in Madison on August 12, 1932. As a result of this meeting an agreement was reached whereby free time on the air was placed at the disposal of the five political groups—the Democrats, the Republicans, the Progressive Republicans, the Socialists, and the Prohibitionists. One and one-half hours per day for four weeks prior to the primary election were divided *equally* among the five groups, and a special program was arranged for the day preceding the primary on which representatives of all five groups appeared. Not only was free and equal time provided to the parties, but the choice of speakers was delegated to the party representatives, and the station officials exercised no censorship whatsoever over the material presented, beyond the reminder that speakers should refrain from remarks that would be in violation of the law of libel. It was agreed that the speakers should limit themselves to the discussion of state or national issues and that five copies of each speech would be filed with station officials at the time of the broadcast, the latter provision being for the purpose of enabling each party and speaker to keep informed on the issues discussed by other speakers. Since copies of the speeches were not required in advance, it was clear that no censorship was intended.

Again, for a month prior to the regular election the facilities of WHA and WLBL were provided for an hour each day under the same conditions that were agreed on before the primary. For this election the Republicans were considered as one group, and time was allotted to the Communists and Social Laborites, parties who were not eligible for inclusion in the pre-primary agreement. It happened that the Communists were not able to use the share of time allotted them, so the unused time was distributed among the other groups.

Despite warnings by certain persons of the dangers inherent in such a radical experiment, the results were so satisfactory that the continuance of the plan is practically assured for the coming elections. The minority groups in particular were quick to praise the plan, for here was a device which gave to the minorities an equal chance to present their arguments to the public. The radio campaign gave no advantage to the party with the largest treasury, and the problem of excessive use of campaign funds was partially solved. Because of the fact that several of the minority groups are practically without press support in the state, the radio offered them their first real opportunity to conduct a general campaign throughout the state.

LEGISLATIVE BROADCASTS

Not only at election time are Wisconsin voters kept in touch with their elected representatives. During the last two sessions of the state legislature there have been regular legislative broadcasts from the capital. Special broadcasts were made from the floor of the legislative chambers on such occasions as the governor's inaugural address and budget message. Then, at the beginning of each session, every senator and assemblyman is invited to use the state's radio facilities to keep his constituents informed of his activities and of any bills he is sponsoring. Each day during the session some legislator who is prominent in the news of the day is featured in a broadcast from the special studio in the capitol building. Broadcasts of special events or debates on the floor can be arranged on very short notice. As in the political broadcasts, no suggestion of censorship exists. Another legislative feature is the weekly summary and explanation of important capitol developments conducted by the Women's Legislative Council of Wisconsin. The extensive use made by legislators of these radio facilities is indicative of their appreciation of the significance of this new medium of contact between representatives and their constituents. The radio provides the legislator with an opportunity to talk directly to his constituents with complete freedom from censorship or misinterpretation by a hostile press, and the voters are provided with a much more satisfactory check on their representatives than is to be found in sporadic contacts at election time.

CAPITOL VISITS

Carrying one step farther their program of introducing to the public the officers of the government, the Wisconsin state stations conduct a weekly state capitol visit with a state official or department head. Although this feature is a part of the Wisconsin school of the air and is designed primarily to supplement the study of civics and citizenship in the schools, its audience is by no means limited to school children. Letters to the stations and to the officials interviewed indicate that many parents follow with great interest these weekly broadcasts, and, were it not for the fact that the state stations are limited to daytime broadcasting, similar programs at a later hour would no doubt attract a much larger adult following. These state capitol visits are presented in an informal manner, the announcer asking the official a number of questions dealing with the purposes, activities, and problems of his department, and the official is asked to tell the audience what his department is doing that very day in the interests of the public. A few interesting items about the personality and characteristics of the official interviewed are usually inserted for the purpose of humanizing and personalizing the administrative machinery of the state. The central theme of this program is that the government exists to serve the public and that the public should be advised of the services performed by its government. Inasmuch as certain of the department heads interviewed hold elective offices, this series is discontinued for four weeks prior to elections, lest the party in power derive an unfair advantage from the interviews.

With very few exceptions, the departments and agencies participating in the state capitol visits have been not only coöperative but enthusiastic about the possibilities of this new contact with the public, and several have taken steps to follow up the broadcasts with printed information for those interested in the work of the department.

Another interesting feature of the Wisconsin plan is its series of forum discussions. Although this program has not been so well developed as the campaign broadcasts and the state capitol visits, its purpose is to present both sides of controversial issues which are of general interest throughout the state. Such subjects as state aid to rural schools and a proposed county government reorganization have been presented to the listeners through the forum, representatives of opposing points of view being invited to present their arguments to the radio audience.

Closely related to the forum discussions are two series of broadcasts dealing with taxation in Wisconsin. Both are educational and non-partisan in character, the purpose being to familiarize the public with the forms of taxation employed by the state. One series is conducted by a member of the staff of the economics department of the university and the other by the Wisconsin Taxpayers' Alliance.

GENERAL INFORMATION

Finally, the state broadcasting stations provide a number of informational services to their listeners. The Stevens Point station, operated by the department of agriculture and markets, offers many programs of special interest to the farmers of the state, and WHA draws upon the research laboratories of the university for many features in addition to the information furnished by such agencies as the state conservation commission, the board of health, and the highway commission. Many of these services are made possible because of the close relationship between the stations and other departments of the government and would be difficult to present under a commercial system.

This in brief is the outline of Wisconsin's plan of governmental broadcasting. Many of the features have been admittedly experimental, and much remains to be done in their development, but enough has already been accomplished to indicate the potentialities of such a plan.

At present there are in the United States more than twenty state-owned stations, most of which are operated by state universities and colleges, and four municipalities own and operate their own broadcasting stations. Many of these are doing commendable work in the field of educational and informational broadcasting, but, with a few exceptions (particularly the New York City station, WNYC), nothing comparable to the governmental features of the Wisconsin plan has been developed by the other stations. It is true that financial handicaps and limited facilities will not permit the adoption of a similar program by many publicly owned stations and that few states have as liberal a political tradition as Wisconsin, but it is suggested that the potentialities of the radio as a connecting link between the public and its government offer a challenge both to station

(Continued on Page 465)

An Election Episode

The precinct "boss" in action

J. T. SALTER

University of Wisconsin

ONE night shortly after twelve in September, 1933, Spode was sitting in his fast roadster that was parked diagonally across the street from Strong Arm's saloon, and just seven short blocks from the most historic spot in America—Independence Hall. Strong Arm was the big fellow in the division and Spode was his judge of elections. Until this election they had been boon companions, but now Spode's spirit was angered to its very core, for his phlegmatic uncle had not been re-slated for magistrate, and Spode knew it was Strong Arm's work. He was there to tell Strong Arm that he would have to give the uncle a complimentary vote in the division or else Spode, as election judge, would protest at every illegal act that Strong Arm should commit in this coming primary. Spode knew just what these vote-producing actions would be—that was the reason Strong Arm had made him judge. Once Strong Arm had been in Cuba on election day, and this absentee rulership had meant disaster for him as it had done in earlier days for Hynicka in Cincinnati and more recently for Vare in Philadelphia.

The opposition candidate for judge of elections had been chosen; but when this anti-organization judge appeared at the polling place on the morning of the next balloting Strong Arm had said "git", and the duly selected judge "got". Strong Arm had then held a curbstone election. He looked at his boys and asked, "Who do you fellows want for judge?" Spode was chosen by viva-voce vote; from that time until this he has been judge of elections—the key position at the polls—with the law of the Philadelphia charter and the Pennsylvania constitution behind him.

I, too, had called to see Strong Arm but had found him gone, and his man had said, "He got a phone call. He will be right back."

Spode is short, muscular, and dark, he talks softly—as softly as the waters that lap the wooden piles at the docks in his Delaware river—and he looks Italian but he was born in a land too cold for olive trees. I leaned against Spode's fender. The uncle leaned against the car door, and Spode talked. He had often seen me with Strong Arm and he wanted to be sure that I knew what a low, yellow, traitorous cur this politician-racketeer was. From diminuendo to crescendo and back to diminuendo he spoke for more than two hours, but Strong Arm never came. When he was Spode's subject, Spode feelingly called him all the unkind names that a certain type of ward politician most easily thinks of. He catalogued every defect revealed in fourteen years of thuggery. Then he would lower his voice and talk of himself and his sad fall from grace through carrying out the orders of the inexorable Strong Arm. He repeated himself and abruptly stopped in the midst of a sentence; a half hour later he would return, with uncanny precision, to complete it. Reassembled, his story follows:

"Why, I did enough for him to go to jail four times over." And he went on to tell about a Hungarian, who was a Democratic watcher in the 1932 November election and who wanted to observe the counting of the ballots. It was about ten o'clock, the polls had closed, the Hungarian had a legal right to be present—the Democratic party had expected him to be there to watch the count.

"But Strong Arm said that he couldn't stay. He looked at me and said, 'You are the judge, put him out.' I had to use force but I got him out. A minute later he was knifed and slugged right outside the door." Strong Arm has a youth to do this sort of work—Danny, a dope fiend. Danny looks like a college freshman—slender, medium height, with high forehead, hair wetted and carefully parted in the middle, sparkle in his eyes. He has been arrested seventeen times but he has never been in jail. His employer sees to that. Danny works with a black jack and knuckles. Strong Arm buys him for a case of whiskey and a $5.00 bill, or sometimes Strong Arm just gets him a little drunk and buys him a meal and Danny does the slugging.

The injured Hungarian had been taken to the hospital where he remained unconscious for four hours. "We were afraid he was going to die; we called the hospital so often that we were afraid we would give ourselves away. Strong Arm was very excited; he put both hands in his hair and cried again and again, 'They will put this on me; they will blame me for this.' We were all worried inside. The waiting was awful."

"Three of the Hungarian's children walked into the polling place crying, 'We want our father.' We put the children outside and locked the door. Later the Hungarian's wife and all four children pounded on the door and one standing on her toes pressed her face on the window pane—all crying and shouting: 'The murderers are in there.' Strong Arm wilted at this and said to me, 'All right, let them lock me up for homicide.' Then we got word that the man would live, so we went on with the count."

Several times during the telling of his story Spode looked at me with appeal in his eyes. Once he burst out, "Professor, I am ashamed of what I did that night. It wouldn't have been so bad but my father knew that man in Hungary when he was a little boy—just so big." And there Danny stood, as Spode and I talked, just thirty feet away. While I was looking at him he smashed a beer bottle in front of a drug store; he and two companions laughed and continued their talking.

Strong Arm carried that election, and the Hungarian will always carry a scar above one eye. No one was ever arrested because of the attack. The Hungarian, Strong Arm, Spode, and Danny are living in the same neighborhood as in the past, and the police ignored the incident. These two factors tell much about the conditions under which the party process operates in a selected area. DeQuincey's comment about people in Southern Asia comes to mind, "Man is a weed in those regions."

Heidelberg, Germany, has paid no interest or principal on its bonds since 1932 when due. Taxes are 25 per cent delinquent; municipal salaries have been cut up to 30 per cent; and two hundred out of sixteen hundred employees have been discharged.

City Planning For the New Day

Changes in population present new problems and new opportunities

HOWARD K. MENHINICK

Harvard School of City Planning

America is entering an era of declining population growth. According to Messrs. Warren S. Thompson and P. K. Whelpton,[1] its population may become virtually stationary within two or three decades. From the standpoint of cities, this means that although some of them may grow at a rate more rapid than that of the total population of the country, there will not be enough additional population in the United States to make it possible for many communities to continue to grow at anything like the rate of the past. Cities will be affected in other ways, also, for a slowly growing or stationary population has relatively few children and many older people. The percentage of persons under twenty years of age will probably continue to decline for the next fifty years and, sooner or later, people over sixty years of age will constitute two to three times the proportion of our population that they now do.

Messrs. Thompson and Whelpton indicate some of the probable effects upon cities of these changing population trends. They forecast a cessation of the present constantly increasing intensity of use of land for business and residence, slowness in the rate of recovery from the present slump in urban land values, the necessity of revising city plans based upon an anticipated large future growth, adverse effects upon the building industry unless communities decide to undertake slum abatement or some other public-building program which will lead to the replacement of many out-of-date structures of all kinds, the necessity of setting up other criteria than growth in numbers as a measure of municipal achievement, an easing of the problem of providing the physical equipment of schools, and finally, the necessity of providing more facilities to meet the needs and desires of older people.

If these forecasts are realized (and they seem likely to be) what are some of the problems of cities which will face the planners of tomorrow?

Cities, forced to measure their effectiveness by their quality rather than by their size, will discover that those which prosper are the ones that have made themselves pleasant and convenient places in which to live and work. This will be particularly true if ever-increasing numbers of the population are older people no longer tied to one location by income-producing occupations and therefore free to live wherever life seems most worth living.

The coming changes in population present both new problems and new opportunities for planning. These demands will be just as vital and important as has been the necessity of solving the problems of rapid growth, but they are likely to be less immediately arresting and compelling. This means that those who are fostering and encouraging city planning must work harder than ever. There is a real danger that with a lessening of the immediate pressure of the problems of city growth there will be a corresponding lessening of efforts to solve both the remaining and the new problems, so that possible gains may not actually be realized.

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[1] "Population Trend Foreshadows a New Era." By Warren S. Thompson and P. K. Whelpton. New York *Times,* March 18, 1934, Section 8, p. 1.

SPACIOUSNESS AVAILABLE

It is reasonable to expect that the people of the future will at least understand (as have the planners for some time) that more spacious urban development is possible and highly desirable. For a time many thought that urban population would continue to increase so rapidly that in order to provide living quarters for all the people who might desire to live in cities, it would be necessary to put people into houses crowded upon narrow lots or even to pack them together in tiny cells in apartment houses, which were in turn so closely huddled together that adequate light and air could not be obtained. Many people have now discovered that the promoters' visions of the future great cities were only horrible nightmares which need never materialize. They now know that there is space enough in the city and light and air enough for all. The planning of the future will be planning for greater spaciousness, facilitated by the lower urban land values (inevitable with a slower population growth than had previously been anticipated) and by the decentralization of some types of industry from the large centers to smaller communities or new towns.

If cities have a more slowly increasing population, and consequently not so much internal pressure for change from the less intensive to the more intensive uses of land, city plans of the future can be based on stability of use of property rather than on its ready convertibility. Each section of the city can be planned so that it may serve its particular function best, without the necessity of adapting it to some other possible future function also, and with the provision of a much smaller border or transition zone for later expansion—that unfortunate "twilight" area of a city which is merely marking time while an old use decays and disappears and a new use takes its place. Zoning ordinances can be based upon the accumulated knowledge of the amounts of land actually needed for various urban purposes, rather than upon speculators' hopes. It is likely that city dwellers will at length abandon the sacred belief that frontage on all important thoroughfares is potential business property. When they do reluctantly admit this truth, having already discovered that frontage on major highways is ill-suited for residential purposes, they will realize that unless these main thoroughfares are planned in a new way they will continue to be merely ribbons of slums, as are many of them today. The "freeway", with its central highway separated from abutting property by wide buffer strips heavily planted with trees and shrubs, is a possible solution.

There will probably be less scattering development about the fringes of cities, both because communities can no longer afford to create and to maintain this uneconomic type of urban expansion[2] and because there will no longer be the same rapidly rising land values forcing people to flee from the city. Nor with a more open and spacious type of city development will there any longer be the same necessity for people to seek the open country as the only place in which light and air and amenities can still be obtained. It may be that scattering development in the future will be prevented by requiring subdividers to demonstrate that their projects are actually needed by the community before they are allowed to proceed.

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[2] Cf. "Penalties of Excess Subdividing", by Charles D. Clark. *City Planning,* April, 1934, pp. 51-61.

In the city planning of tomorrow there will perhaps be less emphasis upon the designing of new areas and more upon the replanning of existing portions of cities where utilities and other services, already built, can be preserved and utilized to advantage. From primitive times to the present, man has lived in a place until he has made it a mess. Then he has abandoned his habitation and moved to a new, clean spot. Economic limitations will prevent his doing this in the future. He must clean up and repair his old dwelling places.

INCREASE OF OLDER PEOPLE

These are a few of the changes which may be brought about by a more slowly growing population. What are likely to be some of the effects of an increasing proportion of older people?

With a larger percentage of older people, more susceptible than younger people to disease and accident hazards, citizens of the future will certainly devote more attention than they have in the past to matters of public health and accident prevention. Automobile accident statistics show heavy fatalities among the higher age groups. Building greater safety into highways is already essential but it will become increasingly important as the proportion of older people increases, for both as automobile drivers and as pedestrians they require more effective highway safeguards.

It is probable that available leisure time will increase in the days ahead, especially if older people withdraw from productive enterprises and devote themselves to cultural and recreational activities. This will necessitate an increase in recreation facilities.[3] It is not unreasonable to expect that foot-loose older people will follow the seasons from north to south and in general engage more freely in travel for pleasure, necessitating the provision of more facilities for these purposes.

Cities are almost certain to require a larger number of easily accessible neighborhood rest parks and other facilities for passive recreation and for the observation of others in competition, at work, and at play. Along with this development there is likely to be an ever-increasing movement toward apartment living—for this is the type of accommodation usually desired by older people. If this manner of living is to be made healthful and satisfactory, there will be needed more scientific planning of apartment districts in order fully to develop their inherent advantages and to minimize their disadvantages.

In my opinion, these are a few of the problems of cities which will become of increasing importance as national population becomes stationary and the proportion of older people increases. None of these problems is totally new. All are present today in one form or another but we shall probably be more aware of them tomorrow. Today is none too soon to push forward the groundwork of education, research, and organization necessary for their solution.

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[3] The National Recreation Association reports heavy increases in the number and use of public recreation facilities in 1036 cities of the United States during 1933, due at least in part to unemployment and to increased leisure under the industrial codes.

Reducing School Bills by Consolidation

Reorganization of school attendance units recommended as economy measure

HARRY A. LITTLE

Georgia State College for Women

A STUDY of the school surveys of 223 counties to determine what effect reorganization of schools has on the cost of the school program reveals that this reorganization program would result in a decrease in expenditures for the same type of school program in 213 of the 223 counties. The detailed results of this study have just been published by the Bureau of Publications, Teachers College, Columbia University.[1]

This study is concerned with the cost factor alone, not evaluating the increased educational advantages which will accrue as a result of the consolidation of schools. It reveals that, measured in weighted elementary classroom units or their equivalent, the reorganization of local school attendance units through the consolidation of schools will result in a decrease in cost in 213 counties and in an increase in cost in ten counties. The mean variation in cost is a decrease of 7.83 per cent of the original cost. If only the rural schools were included in the basal percentage, the mean decrease would be 9.2 per cent.

It is quite evident from the facts given above that it would be to the advantage of all counties to reorganize their local school programs. The small chance which a county would face of increasing its educational cost as a result of reorganization would be more than offset by the improvement in the educational offerings. At the same time it must be remembered that the contention that problems of educational finance would be solved by reorganization is not true. The total bill for rural education in the United States is approximately $600,000,000. If the entire rural school area were reorganized, the decrease in cost would be approximately $55,000,000—a very small amount scattered all over the United States. The increase in the efficiency of the schools when coupled with the decrease in cost would more than justify any effort to reorganize the schools according to modern needs and utilizing modern highway facilities.

The schools of the 223 counties studied as they are now organized cost in teaching units 1.36 times as much as they would cost if the same pupils were enrolled in school systems in which no elementary school had less than 290 pupils in average daily attendance and in which no high school had less than 726 pupils in average daily attendance, and where no transportation was required. If these schools were reorganized according to the plans outlined in the surveys studied, the cost would be 1.25 times the proportional cost of larger schools.

It is not to be denied that the consolidation of schools makes possible opportunities for better educational advantages which, if utilized, may increase the cost of the educational program. The better buildings required to put into effect the reorganization proposed in the surveys of these counties would result in additional cost, on the average, of 3.8 per cent of the original cost of all schools of the county for a period of thirty years. This would mean that until the buildings are paid for, the average decrease in cost would be approximately 4 per cent.

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[1] Little, Harry A. *Potential Economies in the Reorganization of Local School Attendance Units.* Bureau of Publications, Teachers College, Columbia University, New York, N. Y. (In press.)

Three factors seem to affect the variation in cost resulting from consolidation.

(1) The amount of consolidation which previous reorganization, natural barriers, community prejudice, or other limiting factors will permit. If the schools of a county have already been consolidated, it is natural to suppose that further consolidation will result in a smaller proportional decrease in cost than in counties where no consolidation has been made.

(2) The density of population also determines the amount of economy to be gained from the consolidation of schools. Counties which are densely populated have a greater possibility of large consolidation than sparsely populated counties.

(3) The number of children per school. This is, in a sense, a measure of the consolidation which has already been effected in the county. Small schools require a larger number of teachers for the same number of pupils than do larger schools. If the schools are already large in number of pupils per school, a smaller decrease in cost is to be expected from reorganization than if the schools were small in number of pupils.

It seems quite evident that county school authorities all over the United States should take steps to reorganize their schools so that modern educational programs could be offered for the least possible amount of money. The county surveys which were used as a basis for this study are excellent examples of educational programs which have included the entire county and which were made with the purpose above in mind.

Some authorities have contended that the reorganization of schools, although offering better school advantages, would be prohibitive in cost. The results of the study mentioned above indicate that this is not the case.

WISCONSIN'S BROADCASTING SYSTEM

(Continued from Page 458)

officials and to students of government. President Roosevelt has ably demonstrated the effectiveness of the radio in directing public opinion, and it would appear that publicly owned stations should be the first to develop this new relationship between officials and the listening public. Administrators have long concerned themselves with the problem of perfecting a system of public reporting which will distribute information to a large and interested audience. What better instrument could be devised for this purpose than a broadcasting station operated by the government and coöperating with the other departments and agencies in the presentation of programs dealing with subjects of public interest? It is a foregone conclusion that coming campaigns will find more and more attention being devoted to appeals to the radio audience, and, since party programs over private stations are charged commercial rates, the prospects for minority groups in future campaigns are not very bright unless some plan similar to Wisconsin's is developed to provide free and equal time on the air. Much remains to be done before the potentialities of the radio are fully realized. Wisconsin has opened up one new field of public service, and it is to be hoped that she may not long remain alone in its development.

The Problem of Special Assessments[1]

Wise management and accurate accounting needed for successful operation of assessment funds

ROBERT PHILLIP HACKETT

University of Illinois

In the past few years, particularly from 1930 through 1933, there has come to our attention the deplorable condition into which the special assessment funds of many cities have fallen. It is only natural that these years should bring to light this situation. In times of prosperity it is not too difficult for average management to be successful. Many individual businesses have failed during the depression because of poor management. In like manner, the failure of many special assessment funds to show proper results has been due to faulty management, both in prosperous and poor periods.

A special assessment fund is one in which is recorded the transactions concerning a public improvement, the cost of which is assessable to the individuals benefited.

The instigation of a movement for a new improvement may arise in either of two ways. A group of individuals who are interested in a certain improvement may petition for it, or the board of local improvements may assume the need for a certain improvement exists and start action themselves. The board of local improvements is usually an ex-officio committee composed of the mayor, the city engineer, and the superintendent or commissioner of streets. The city attorney is usually an advisory, but not a voting, member of the board. This board is either indirectly, under the first method indicated above, or directly, under the second method, responsible for the instigation of the movement for any new improvement. In either case the board of local improvements makes a preliminary investigation and then calls a public hearing notifying all individuals who will be affected by the improvement. At this hearing the plan is laid before those present and arguments pro and con are heard. The board will usually cause a petition to be circulated among those property owners affected in order to get the general consensus of opinion which will later substantiate its argument for or against the improvement.

After this hearing, if the board is still of the opinion that the improvement is desirable, it makes estimates of costs, and presents the entire general plan, with all the collected evidence, to the city council. The council, after being appraised of all facts which it desires, votes upon the issue. If the council approves the plan, it reverts to the board of local improvements. The engineer, as a member of the board, then allocates the estimated cost to the individual property owners. This allocation is based, in general, upon the footage of property facing upon the improvement, with attention being paid to benefits derived.

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[1] The detailed procedure in this article applies in particular to Illinois, but will be true, in general, in all cases.

At this point the entire plan, along with the proposed individual assessments, is presented to the county judge. This court reviews the facts and calls a public hearing which affects the same persons earlier involved. Upon the basis of this hearing the court has two decisions to make. First, is the improvement, as such, advisable, and, second, has the cost been equitably distributed. Many times this hearing assumes a very animated situation, with attorneys being employed by the opposing sides in the debate. The court may negate the entire plan; it may approve the improvement, but indicate a blanket change in the allottment of costs; or it may, upon approving the matter, make only certain changes in the assessment of costs. If and when approved by the court, the plan is returned to the board of local improvements. The board then lists the specifications for the job and calls for closed bids on the entire improvement. At the dead line date the bids are opened and the contract is awarded to the lowest responsible bidder.

FINANCING AN IMPROVEMENT

The actual completion of most public improvements takes place within a few months, at the most, after the awarding of the contract. This means that in the great majority of cases, the contractor must be paid within a year after the project has been started. On the other hand, it is not usually considered desirable, nor is it always possible, to collect the entire assessment from the benefited property owners in this short period of time. These two facts make the financing more of a problem than it might be otherwise.

A very common financing plan takes the following form. In order to make payment to the contractor, bonds are issued. In some cases the contractor may accept these bonds, holding them if possible, while in other cases the bonds are sold, the proceeds being used to pay the contractor in cash. The bonds are usually issued in series to coincide with the assessment payments to be described. Ten-year series are very common. The assessments are then spread over a period equal to the number of bond payment periods. Theoretically as far as the bond principal is concerned, the assessment payments should cover these, plus miscellaneous payments exactly, at each payment date. The bonds, of course, bear interest. To counter-balance this bond interest the assessments also bear interest at the same rate. Again, theoretically, the interest on the assessments will equal the interest which must be paid on the bonds. A due date is set for the first payment on the assessments, and the other payment dates follow annually.

A taxpayer may avoid all interest by paying his entire assessment on or before the first due date. If he does not follow this procedure, however, he is charged with interest under one of two different methods. Under one method, the so-called short end method, the taxpayer pays his assessment for one year with interest on that single payment for the length of time that it has run from the beginning of the entire assessment period. Under the other method, the long end method, the taxpayer pays one installment on his assessment with interest on the unpaid balance for the length of time which has expired since the last payment was made. If the payments are made regularly the total amounts of interest will be the same under both methods. The advantage is with the taxpayer under the short end method, for he pays less interest in the early periods and more in the later periods. Conversely, the advantage is with the municipality in the long end method. Theoretically, then, the assessment fund should have no balance after all bonds and interest have been paid, on the one hand, and after all assessments and interest have been paid on the other.

GOOD MANAGEMENT NECESSARY

Just as prosperity has its effect upon management in private business, it has its effect on public improvements. Individuals may petition the board of local improvements for an improvement of some type in a certain locality. They have seen property values rising and are led away by this fact. An improvement is desired by them to further enhance that property value. Perhaps in such a period considered alone, the property values do justify the increased cost of such property that the assessments will incur. The property owners forget, however, that experience has shown us that just as sure as property values have risen in times of prosperity, they will fall in times of depression. It is not uncommon to see property which has been sold at excessive prices at one time, fall to such a level at another time that it cannot be sold for enough to pay the improvement assessments. It is often thought that a municipality will have no difficulty in collecting special assessments, because if they are not paid the property can be sold for taxes. This is not true. The right exists, directly or indirectly, but it must be remembered that the municipality is not interested in owning property. It is interested in collecting assessments so that bonds and interest can be paid. From the point of view of the assessment fund the property is of no value unless it can be sold, so that cash can be realized. It has not been at all uncommon in the past few years for municipalities to temporarily withdraw the special assessment taxes so that they will not have to take over property.

Both in approving petitions of property owners, and in instigating improvements, the board of local improvements has been influenced by prosperity property values. City councils have been affected in the same way, and it is undoubtedly true that county courts have approved improvements in periods of prosperity which they would consider as dubious in depression periods. Good managers of private business do not over-expand in good periods, and thereby protect themselves for the certain periods that will be less prosperous. Municipal management of public improvements should be no exception to this rule. Property owners, board of local improvements, city council, and county judge are all directly or indirectly responsible for the management in this preliminary initiation of the improvement. Every new public improvement should be carefully and sanely considered in the light of experience, as to whether depression property values will support special assessments.

There is another element that sometimes has an undue influence in this preliminary work on public improvements. In many cases certain individuals receive compensation on a percentage basis for work that they may do in relation to the improvement. This is true of the city engineer and the city attorney. These two individuals do most of the preliminary detailed work on the improvement, and most certainly should be paid for this work. It is far from the intention here to give the impression that these persons are overpaid for what they do. Their work is technical and requires specialized training. They are undoubtedly entitled to all the compensation which they may receive in a great majority of the cases involved. The point under consideration is that since the only manner in which they may receive such compensation necessitates the contracting for public improvements, they may be influenced, perhaps honestly so, in approving and instigating improvements.

After the machinery of an assessment fund has been put into motion less of the management element is involved, but that which is necessary must be carefully executed. It has been indicated earlier that, theoretically, the assessment payments will take care of the bond payments, and that interest on assessments will take care of interest on bonds. Frequently, however, taxpayers will pay several or all assessment installments in advance, thereby avoiding all interest payments. Depending upon the extent to which this may occur in any particular assessment fund, will the interest on assessments fail to meet the interest on the bonds. If nothing is done to care for this difference, it can readily be seen that the fund will show a deficit at its completion. In many actual cases this is exactly what happens, and nothing is done about it. It is an opportunity for good financial management which is often neglected.

The reason for the failure at this point may be due to ignorance of the facts, or it may be due to the lack of making any one responsible for avoiding the situation. The remedy is almost as simple from a practical standpoint as it is theoretically. All bonds should be made callable. When and if assessments are paid in advance, bonds should be called. Thus, as taxpayers avoid their interest by paying assessments in advance, so will the city avoid interest on bonds by paying them in advance. The assessments must be made large enough to care for differences which will necessarily arise in interest amounts, due to the fact that prepaid assessments may not take up exact bond amounts. In a recent audit made of a certain city's special assessment funds, in order to determine why a large number of them had deficits, it was decided that one of the major causes was that being discussed here. Large amounts of interest had been lost simply because cash was allowed to lie idle instead of being used to call bonds. Frequent reports should be made to some person or committee who is made responsible for the wisest use of surplus cash amounts in every assessment fund. The report should show total assessment, amount collected to date, balance outstanding, interest collected, cash in fund, bonds issued, bonds paid, interest paid, bonds outstanding, interest outstanding, expected collections at next assessment payment date, and requirements for the bond and interest payment date.

Too much emphasis cannot be placed upon the importance of a completely and adequately kept general ledger, with separate accounts for each assessment. The status of each assessment will then be readily available at all times for the persons responsible for the adequate handling of the financing. Such information will be invaluable in avoiding the difficulties already indicated.

The following balance sheets indicate the essential information that might be obtained regarding a single assessment.

BALANCE SHEET, DECEMBER 31, 19—[2]

X Street Pavement

(While improvement is in progress)

1.	Cash	$15,500
2.	Bonds authorized and unissued	18,000
3.	Reimbursable Expenditures	5,000
4.	Available authorization	31,000
		$69,500
5.	Vouchers Payable	$2,000
6.	Bonds Payable	36,000
7.	Encumbrances	30,000
8.	Unencumbered balance	1,500
		$69,500

BALANCE SHEET, DECEMBER 31, 19—

X Street Pavement

(After work is completed)

9.	Cash	$ 2,260
10.	Assessments receivable	29,030

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[2] These balance sheets are adapted from Introduction to Governmental Accounting, Lloyd Morey. 1932. p. 142-143.

11.	Public Benefit	2,500
		$33,790
12.	Bonds Payable	$32,400
13.	Interest	730
14.	Surplus	660
		$33,790

Comments on balance sheet items:[8]

Items 1 and 9 represent the cash on hand.

Item 2 represents, as its title indicates, the bonds that have been authorized, but which are not yet issued.

Item 3 represents the amount that has been expended on the improvement, which amount is to be assessed against the property owners and the city.

Item 4 represents the amount that is still available for expenditure on the improvement, according to the original authorization.

Item 5 represents the vouchers outstanding for miscellaneous expenditures.

Items 6 and 12 represent the bonds outstanding after they have been adjusted by any unissued amounts.

Item 7 shows the amount for which contracts have been let, which have not yet been liquidated.

Item 8 shows the free balance in the fund which has not been encumbered by contracts.

Item 10 indicates the amounts assessed against property owners which have not yet been paid.

Item 11 represents the amount assessed against the city which has not yet been paid.

Item 13 shows the net interest, that is, the difference between the interest paid on bonds and that collected on assessments.

Item 14 shows the difference between the resources and obligations of the fund.

It should be noted that the accounts for each improvement should be kept separate. It is necessary for proper administration that the condition of each improvement fund be known. It is proper for the general reports of the city to show a consolidated statement of the condition of the collective assessment funds, but the accounts should be so arranged that periodic balance sheets of each improvement fund may be prepared. The consolidated statement gives the casual observer enough information, perhaps, but the persons responsible for the control and financing of the special assessments need the detailed information relating to each improvement, hence the accounts should be so arranged. Separate balance sheets should be set up for each fund first, and then consolidated if desired.

It must be noted that the subsidiary and auxiliary records are of the utmost importance. A properly constructed assessments receivable record showing the total assessment for each property, with a record of the payments of principal and interest, is absolutely necessary. The bond register for recording bonds issued and paid, and interest paid, is essential also. Receipts and vouchers or checks will also play their part as the basis for entries.

After all assessments have been collected and all bonds have been paid the theoretical result is that all accounts will be in balance. As a matter of fact there will be some practical differences. With proper management there will be a small amount of cash on hand. This balance logically belongs to the taxpayers, but it may be so small that the expense of refunding it would be out of proportion to the amount to be refunded. With proper action it may be used to take up small deficits in other special assessments.

Let it be said in conclusion, that regardless of how perfect an accounting system may have been set up, the results still depend upon good management. If the property owners, the board of local improvements, the city council, and the county judge are influenced by periods of prosperity; if the city engineers and city attorney are influenced by percentage compensation; and if the funds are not carefully watched for interest savings, the best accounting system will not improve results. Two things are necessary for the proper and successful operation of any assessment fund, neither of which will be of the most value without the other—a good accounting system and wise management.

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[8] An outline of journal entries which will give rise to the accounts shown in the foregoing balance sheets may be found in Governmental Accounting and Manual of Municipal Accounting, both by Lloyd Morey.

Economic Recovery and the Public Employee

Public employees first to suffer and last to benefit by changing level in the cost of living

DENZEL C. CLINE

Princeton University

THERE is a general inclination to think of public employees merely as jobholders and to forget that they are also consumers. The tendency is to consider only the number of dollars they receive in salaries and wages and to overlook how much these dollars will buy. Real income, which is more important, consists of the goods and services obtained from the expenditure of monetary income. Real incomes are affected when changes in the cost of living are not compensated by changes in the amount of monetary income received. When the general level of commodity prices rises, nearly always the wages of labor rise more slowly. This lag is especially conspicuous in the salaries of public employees. At the present time it is probable that there will be a further increase in the cost of living. A rise in prices can result from (1) a gradual return of prosperity, (2) inflation, and (3) the operation of certain features of the national industrial recovery program. Each of these will be analyzed with regard to its probable effect on the real incomes of public employees. All teachers paid from public funds are included as public employees.

Suppose, first, that there is a gradual recovery from the depression. Usually a depression is ushered in with a fall in prices and a recovery is accompanied with a rise in prices. This rise in prices means an increase in the cost of living above what it had been during the depression. A business depression causes unemployment and reductions in wages, whereas recovery increases the amount of employment and eventually leads to higher wages. This sequence of events in industry is also true of governmental employment but the reaction both to rising and to falling prices is more sluggish.

Because the salaries of public employees did not decline after 1929 as rapidly as the cost of living, this class of workers gained in real income, at least in the earlier part of the depression. However, as governmental revenues dwindled with the shrinkage in the national income, in most places salaries were reduced and/or many public employees were released from service entirely or put upon a part time basis. In numerous localities there have been payless pay-days with salaries and wages sometimes in arrears for several months. But a considerable portion of those public servants who retained their positions and were paid promptly continued to receive higher real wages during the depression. According to the index of the National Industrial Conference Board, the cost of living in the United States declined 28.5 per cent from 1929 to April 1933. Since that time it has risen, but in January 1934 it was still 22.5 per cent lower than the monthly average for 1929. In most parts of the country, therefore, a public employee who was paid 20 per cent less total salary in 1933 than in 1929, still received at least as much purchasing power as before the depression.

A comprehensive study is necessary to establish the fact, but it is probable that the annual compensation of most public employees has not been reduced more than 20 per cent. During 1933 the salaries of federal employees were cut 15 per cent. The salaries of most state employees in New Jersey have been reduced from one to ten per cent, depending upon the size of the salary. A recent study covering five thousand county and municipal employees in the same state revealed that 50 per cent had received salary reductions from 1930 to 1933 of 12 per cent or less, 35 per cent had reductions of 20 per cent or more, and only 4.5 per cent had sustained cuts of 21 per cent or more.[1] However, in many localities, especially in the south and west, the annual salaries actually received by school teachers and other public employees have been reduced as much as a third or more. In addition, thousands have been eliminated from public pay-rolls or have been placed on a part-time basis. In general there has been a moratorium on promotions, especially if they involved salary increases.

In spite of the fact that the return of prosperity means a rise in the cost of living, public employees in common with all other groups of workers welcome economic recovery. A more prosperous condition of industry and agriculture will mean larger incomes and this in turn will enable people to pay more taxes with less strain. With no increase in tax rates, and without the imposition of additional taxes, the rise in the national income accompanying prosperity automatically would swell governmental revenues to a marked degree. This would put a stop to further salary cuts and dismissals and would permit the re-employment of many of those who have been laid off during the depression because of lack of funds.

Public employees also welcome the return of prosperity because they confidently expect that their salaries will be raised, at least to the 1929 level. If this should occur and at the same time there should be only a moderate rise in the cost of living, they would suffer no loss, and might even gain in real income. But this anticipated rise in salaries by no means will be automatic. On the contrary, there is strong reason to suspect that the 1929 level can be regained only with the greatest effort, if at all, by a large portion of the public employees who have sustained reductions. Their sanguine hopes must be tempered with due consideration for the facts. One of these inconvenient facts is that the taxpayers are now class conscious and organized to a degree never known before in this country. It is estimated that there are over three thousand taxpayers' organizations in the United States, most of them having had their birth during this depression. The people may cease to be tax conscious when their incomes once more make their tax burdens relatively light. Although in the past Americans have seemed singularly immune from profiting by their economic mistakes, it is possible that this depression will cause them to take a more permanent interest in their government. If they do, it is reasonable to believe that they will attempt to reduce taxes and resist salary increases to their servants. However, low salaries may not mean true economy. As prosperity is restored in business, there will be a steady drain of the better employees away from the public service into private enterprise if their salaries are relatively low. The resulting reduction in efficiency in the public service could easily mean an actual increase in the real cost of government. This fact must be shown to the taxpayers if they insist upon a low salary policy.

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[1] New Jersey State Taxpayers' Association, *Taxegram*, March 5, 1934.

Since the writing of this paper (March 1934) at least two studies on the salaries of public employees have appeared: "Municipal Salary Cuts and Restorations," *Public Management*, April 1934; Frank K. Shuttleworth, "The Dollar and Real Incomes of Teachers, 1889-90 to 1933-34," *School and Society*, May 26, 1934. Replies to a questionnaire from *Public Management* by 52 cities with a population of 100,000 or more and by 158 smaller cities showed that salaries had not been reduced in nine cities, but that the reductions ranged from 5 per cent to as high as 50 per cent in the others. The average reduction since January 1, 1930, of the 210 cities reporting was 17 per cent. In his study of the salaries of public school teachers, Professor Shuttleworth found that the real incomes of teachers' salaries rose 13.8 per cent in the three depression years following 1928-29. However, from the school year 1931-32 to 1933-34 the real incomes of teachers have been cut 30.2 per cent.

PUBLIC DEBT

Another fact which cannot be overlooked by public employees expecting 1929 salaries is the effect of the enormous increase in public indebtedness. The federal debt has increased from 16.2 billion dollars on June 30, 1930, to 25.2 billion dollars on February 15, 1934. In his budget message of January 4 President Roosevelt estimated that the federal debt would be about 31.8 billion dollars by June 30, 1935, as a result of his proposed fiscal program. In spite of economies and increased taxation, the federal debt may be doubled during this depression. Foreign governments owe the United States some 11.5 billion dollars which if repaid would wipe out nearly half of the present federal debt. But each year the prospect of the repayment of these war debts grows more dim. To the extent that they are not paid, American taxpayers will be forced to bear a larger burden for debt service.

In 1933 the volume of state and local debts had risen to 19.7 billion dollars and this total may be considerably larger before the depression is over. Many of those states and municipalities whose credit is still good are continuing to borrow for unemployment relief and emergency public works programs. At the beginning of 1934, 1,728 local governmental units and one state government had defaulted on their bond obligations.[2] These defaults represent slightly less than one per cent of the total number of governmental units which have debt-incurring power, but they have affected the credit of many other local governments. Numerous municipalities, both large and small, have experienced "banker control" over their budgets during the depression. Salary reductions frequently have been required as a condition for the extension of credit.

What is the meaning to public employees of the staggering amount of public debt which this country will have when it emerges from the depression? It means that future budgets, federal, state, and local, will be loaded heavily with fixed charges in the form of debt service and that a smaller proportion of public revenues will be left for the payment of salaries. At the beginning of the depression when the amount of public debt was much less, 18 per cent of the total taxes collected in the United States was used to pay interest on debt and the repayment of principal. It is not unlikely that as much as a quarter of the total annual tax revenue will be needed for debt service for many years in the future.

There is the possibility that certain additional claims will be made on public funds. For example, in federal finance there is the perennial question of the bonus to war veterans. Even the serious condition of the treasury is not deterring attempts by members of Congress to lure veterans' votes with the taxpayers' money. Also it appears that taxpayers are to enjoy the luxury of supporting a bigger navy and army. The Vinson navy bill already seems to have started another mad race of competitive armament building. If a large part of the federal revenues must be used for soldiers' pensions and a big navy, there will be less for more socially useful services.

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[2] As reported to the *Bond Buyer, Municipal Finance*, February 1934, p. 13.

Despite the enormous deficit in the budget, salaries of federal employees will soon be raised to their former level, or at least partially restored. The federal government is paying for a large part of its expenditures by increasing the debt. In effect, sufficient funds may be made available to increase salaries by additional borrowing. But this device offers little hope to state and local employees. It is unlikely that additional state and local debt will be incurred in order to provide an increase in salaries. In general, salary increases must await a material increase in current revenues.

LIQUOR REVENUE POSSIBILITIES

Great expectations have been held concerning the revenue possibilities in taxing liquor. There is a strong possibility that many of the early high estimates of the amount of revenue to be obtained from this source will prove to be unwarranted. If the taxes on liquor are too high it is inevitable that they will to a large extent defeat their purpose by stimulating illicit traffic. If moderate rates are used, the liquor taxes should produce a fairly large revenue, but this does not mean necessarily a bonanza to public employees in the form of salary increases. As already pointed out, vast sums will be required for debt service for several years. In addition, as public revenues are augmented by taxes on alcoholic beverages, there will be a demand for a reduction in the rates of other taxes and even for the elimination of some. Already four federal taxes have been dropped with the introduction of the tax on liquor.

The conclusion must be that in the event of a gradual return of prosperity and a normal business recovery as from previous depressions, public employees will gain in economic security and more of them will be employed. State and local employees, especially those who have had severe salary reductions, are likely to lose in real income because the cost of living probably will rise more rapidly than salaries and in many cases will not be compensated by salary increases for some time.

The depression has had the effect of stimulating the movement for reorganization in government. Taxpayers are becoming more aware of the fact that a large part of their burden is due to the existence of hundreds of unnecessary local governmental units and their political officials. This is leading to the demand for the organization of local government into larger and more economical units, a reallocation of functions between the state and its local subdivisions, and a greater use of the merit system. These changes, if made, will mean fewer names on public pay-rolls due to the elimination of unnecessary local officials and a large amount of political patronage. On the other hand, if the civil service is extended, there should be an increased demand for trained and qualified persons in the classified service.

INFLATION

For many months there has been an unending discussion of inflation. If the manipulation of the currency by the government results in a marked increase in the price level, public employees will be faced with a much greater reduction of their real incomes. Since the official devaluation of the dollar to approximately six-tenths of its former gold content, there has been somewhat less apprehension of inflation. There seems to be a general feeling that "the country is back on the gold standard again" and therefore is safe from a disastrous rise in prices. But even though there is no further tinkering with the currency there is still a possibility of serious inflation. In addition to the rise in prices which could result from devaluing the dollar, attention should be called to the inflation possibilities in the great amount of excess reserves of member banks in the Federal Reserve System and the recent large importations of gold. If bank credit were extended on the present gold supply to the full extent now legally possible, a very severe inflation would result. Such a high degree of credit expansion will not necessarily occur. But there is a strong probability that eventually there will be a material rise in the price level as a result of the devaluation of the dollar and the expansion of credit. If so, public employees may expect a greater reduction in their real income than would result from a more normal recovery.

The effect of inflation during the World War on governmental employees in this country should be recalled. The average salaries, in money, of governmental employees in Washington, D. C., and the public school teachers of the state of New York increased slightly more than a third from 1914 to 1920. Despite this fact, the average *real* income of each of these groups actually declined 36 per cent in this period because of the increase in the cost of living.[3] This is indicative of what happened to the real incomes of public employees throughout the country.

A severe inflation not only reduces the purchasing power of salaries but also impairs the savings of public employees. The purchasing power of both the income and principal of fixed income investments, such as bonds, mortgages, and saving accounts, falls with a rise in the price level. The purchasing power of life insurance policies and annuities also diminishes with inflation. On the other hand, savings invested in real estate and good corporation stocks would tend to be more secure because the income from such investments would be likely to rise during inflation. Public employees who entered the depression owing mortgages and other debts suffered an increase in the real burden of their debts when the price level fell and their compensation was reduced. Provided their salaries are raised to compensate for the increase in the cost of living, public employees owing debts would have the real burden of their debts reduced by inflation. But public employees as a class have much more to lose than they can gain from a severe inflation. The extent of their loss depends upon how far prices would rise and the degree that they would not be compensated by increases in salaries.

Another danger of a high degree of inflation is the possibility of impairing public credit. If the price level is rising rapidly investors will not be interested in buying government bonds which yield a fixed monetary income. Also at such a time there may be an increasing disparity between tax yields and expenditures as occurred in certain countries in Europe after the war. If bonds cannot be sold, paper money is likely to be issued and a vicious spiral of inflation ensues. The effect upon governmental employees of a collapse of public credit should be obvious.

The use of inflationary measures is one way of attempting to raise prices artificially by governmental action with the hope of promoting prosperity. Another method is also being tried in this country as part of the "new deal" program in the form of the agricultural adjustment administration and the national recovery administration. This depression has not been allowed to run its course through liquidations and the readjustment of prices to a new equilibrium as in previous depressions. When economic recovery occurs, it may be because of, or in spite of, governmental action, or neither. But while the AAA and NRA are in effect they have certain features which tend to raise the cost of living to a greater degree than would result from an economic recovery unassisted by governmental action.

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[3] Computed from figures taken from G. F. Warren and F. A. Pearson, *Prices*, pp. 213, 217. Professor F. K. Shuttleworth discovered that the average reduction in the real income of public school teachers in the United States during the war period was 21.8 per cent. *School and Society*, May 26, 1934.

The agricultural adjustment act authorizes the secretary of agriculture to impose processing taxes on various agricultural products for the purpose of paying bounties or subsidies to farmers to induce them to reduce production. The reason for this has been the unusually low prices received by farmers for their products. It is the avowed purpose of the processing taxes and other aspects of the farm relief program to restore agricultural prices to their pre-war parity with the prices of manufactured goods. Farm prices should be raised by eliminating poor land from use rather than by the uneconomic method of paying subsidies to hold good land out of production. However, there is as much (or as little) justification for a subsidy to farmers from processing taxes to be paid by consumers in the form of higher prices as there is for a subsidy to industry in the form of a protective tariff. Both increase the cost of living and reduce the real income of public employees.

One of the most conspicuous parts of President Roosevelt's recovery program is the national industrial recovery act. In the words of the President, the purpose of this act was to restore industry to a living basis and to put men back to work. Under this act industrial recovery was to be accomplished in a novel manner. Employers were asked to increase the employment and wages of labor before it became profitable to do so, in order to increase the national purchasing power.

The national industrial recovery act, by legalizing certain activities of trade associations and suspending the anti-trust laws may further stimulate the growth of monopoly power and thus cause a greater increase in the prices of goods to consumers than normally would result from recovery. Adam Smith astutely observed long ago, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." To the extent that the national industrial recovery act fosters monopoly prices, public employees as well as other consumers will suffer an additional increase in their cost of living.

To summarize, it has been shown that public employees will have greater security and more employment after economic recovery is achieved but that many of those now employed will lose in real income because the cost of living is likely to advance more rapidly than salaries. If a marked inflation occurs it will cause an even greater reduction in their real incomes, depending upon the rapidity and extent of the rise of prices. Finally, it was suggested that the agricultural processing taxes and a growth of monopoly power as a result of the NRA can cause higher prices of many commodities than would occur in an unassisted recovery, thus increasing the cost of living of public employees without necessarily raising their salaries.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

New Charter Commission Authorized for New York City.—The resignation on August 2 of Chairman Alfred E. Smith and Judge Samuel Seabury, followed thereafter by four others, from the New York City charter revision commission of twenty-eight, which had been established by statute earlier in the year, brought about a movement for a new commission to be appointed by the mayor, and on August 15, at the urging of Governor Lehman, the legislature unanimously passed a bill authorizing the mayor of New York City to appoint a commission of nine to draft a charter for submission to the electorate of the city next year. Mayor F. H. LaGuardia has indicated his desire for a commission representative of a reasonably unified viewpoint.

After Mr. Smith's departure the old commission selected as its head Richard S. Childs, chairman of the council of the National Municipal League, and attempted to carry on, only to be superseded by the new body.

The old commission was not empowered to deal drastically with the structure of county government as affecting New York City, but it is expected that the new commission may join in a movement to obtain a constitutional amendment permitting such action.

The possibilities as to proportional representation under the new commission are discussed in the note by George H. Hallett, Jr., on page 485.

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Mount Vernon, N. Y., to Vote on Council-Manager Plan.—On September 12, 1934, the city of Mount Vernon, N. Y. (65,000 population), will have decided by popular vote whether or not to adopt the council-manager form of municipal government. Acting in accordance with provisions of the New York State optional city government law of 1914, the "Committee of 100", organized by public-spirited citizens to promote adoption of the plan, recently presented to the aldermen of the city a petition of some 2,300 names of qualified voters asking that "Plan C" (the city manager option provided in the state law) be submitted to the electorate.

The petition, complying with provisions of the law requiring signatures of at least 10 per cent of the voters of a city, made mandatory the setting of a date by the local council for the election. A lively campaign for success at the polls on September 12 is now being conducted by the committee.

For over a year the Mount Vernon Citizens' Union has publicly advocated adoption of the city-manager plan. Under its auspices the "Committee of 100" has been organized. The two organizations have utilized the local press and have held mass meetings at which various experts in municipal government have addressed good sized audiences. Among these experts were C. A. Harrell, city manager of Binghamton, N. Y., and George H. Hallett, Jr., now secretary of the Citizens' Union of New York.

Tax collections have been difficult and financial obligations heavy, and the city government recently resorted to a very unpopular supplementary property tax, due in August, to a special tax lien sales ordinance, and to a million-dollar loan.

A. A. Tenney

American Cities to Profit from Experience of European Housing Experts.—An American tour by three European housing experts has been arranged by the National Association of Housing Officials, to give American housing leaders the benefit of specific suggestions made in the light of the extensive housing experience of western European countries.

Sir Raymond Unwin, technical advisor to the Greater London Regional Planning Committee, heads the group, the others being Ernest Kahn, formerly manager of the municipal housing enterprises of Frankfurt-am-Main, Germany, and Miss A. J. Samuel, member of the council of the Society of Women Housing Estate Managers of Great Britain.

Twelve out of thirty-six American cities engaged in working out public housing programs have been selected as observation stops on the tour, extending from Boston to New Orleans. It began August 20 and will last six weeks. Officials and representatives of the other cities will attend group conferences in these key cities and submit their local housing problems to the housing experts.

*

Georgia Cities Organize Association.—The recent formation of the Georgia Mayors' Association makes Georgia the thirty-third state where cities have come together in an organization for mutual assistance on governmental problems. Membership in the Georgia organization is by cities as corporations, rather than by individual officials. James L. Key, mayor of Atlanta, is the president, and J. C. Robinson, also of Atlanta, is secretary.

*

Two Massachusetts Cities Survey Public Works Departments. — Springfield and Worcester, Massachusetts, have secured the assistance of Public Administration Service, of Chicago, to make surveys of their public works departments and install new accounting procedures. This consultant organization on municipal problems recently set up eastern headquarters in Boston.

An accounting record for centralized maintenance of public works equipment and a central stores system are being set up in Springfield. Records and cost accounts of public works will in the future furnish city officials with periodic information showing their accomplishments. This will provide a method of direct control in the public works activities.

Worcester's survey, which is just starting, includes the departments of streets, sewers, buildings, water and engineering, and garbage collection and incineration services.

*

Conference on Municipal Finance.—The annual Conference of the Municipal Finance Officers' Association is to be held in Philadelphia on September 17, 18, and 19. A program of discussions to give effective aid to officials faced with difficult current problems is in preparation.

*

Long Beach Recalls Its Council.—The entire city council of Long Beach, California, was recalled on July 10, but as there is no provision in the city charter for the recall of the entire group, it continued to serve, supposedly as a "de facto" body, until such time as its successors were elected and qualified. An election was expected to be held on August 17 and 168 contestants filed petitions for nomination. The council at first, however, refused to call the election, stating that it would contest any attempt to oust it by a suit to show that the recall was illegal. Despite the fact that duplicate recalls were filed by proponents of the two factions, both seeking power and majority, and that council members worked openly for the recall of their opposition councilmen, they later presented a solid front to the threatened encroachment by outsiders. Eventually, the matter of a test case was dropped, it being the consensus of opinion that although there was ample evidence of signatures being bought and paid for, the recall election was the voice of the people, and the council made provision for an election at the time planned. Under the terms of the Long Beach city charter a recalled councilman cannot succeed himself. The members just elected, therefore, are an entirely new group. All but one of the newly chosen councilmen were backed by a new party called the Charter Enforcement Party and also by the editor of both local dailies. Carl Fletcher, labor leader, has been elected by the council as mayor.

SARAH ALLEN

Relief Administration in South Carolina Studied.—A study of the administration of relief in South Carolina, requested by the state emergency relief administrator, was made during five weeks in July and August by four staff members of the Federal Emergency Relief Administration in coöperation with Alan Johnstone, southeastern field representative.

As soon as the results of the five-weeks' fact-gathering have been analyzed, a report will be submitted to Aubrey Williams, acting federal emergency relief administrator. It will cover six major points of relief administration in the state: the standard of relief, the type of personnel employed in its administration, whether the work relief program is suited to relief needs, the rural rehabilitation program, the transient relief program, and the relation of the relief program to industrial strikes. These phases of relief were examined by intensive study of numerous counties typical of the state and of the relief problems being handled.

A similar survey of relief administration in Baltimore was recently completed.

*

City Planning As a Safeguard in City Finance.—The Chamber of Commerce of the United States is making special efforts, through its construction and civic development department, to stimulate interest in city planning and, particularly, in giving city planning a legal status which will make for careful consideration of public works projects in relation to a comprehensive and long-range plan. A series of brief educational bulletins for chamber of commerce executives is to be issued, the first of which came out in August under the title, "New Opportunities for City Planning". The following excerpt emphasizes the relation of city planning to municipal finances:

> "The lack of effective city planning in many communities, and the failure to undertake any planning activities in other communities, show up eventually in tax and public utility rates, bonded indebtedness, and delinquent taxes. When these are unfavorable, examination of the causes frequently reveals, among others, unwise or untimely expenditures for public improvements and uneconomical subdivision of land for residential purposes, which place burdensome costs for expensive extension of public services on the city as a whole. The financial difficulties of many cities properly may be charged in substantial part to their failure to utilize effective city planning procedures."

*

Police Chiefs' Meetings.—The annual meeting of the International Association of Chiefs of Police will be held in Washington, D. C., on September 24 to 27, inclusive.

In June a notable police training school was held in Wichita, Kansas, which was financed by the Kansas League of Municipalities, and directed by Chief O. W. Wilson of Wichita; the Kansas Police Association assisted in organizing the school. Eighty-two police officers completed the course and received certificates, and thirty others attended part of the time.

*

Regional Meetings for Municipal Officials in New York State.—In accordance with a resolution adopted at the last annual meeting of the New York State Conference of Mayors and Other Municipal Officials, arrangements have been made for twelve regional meetings for city and village officials, which will be held between September 21 and December 6. Each meeting will consist of two sessions on one day, beginning at 10 a.m. and 2 p.m., respectively. This will give officials of practically all municipalities in each of the twelve zones enough time to travel by automobile to attend a full meeting and return on the same day, without expense to his city or village. No set speeches and programs are planned; a part of the time will be devoted to the presentation and discussion of local problems by municipal officials, the remainder of the time to be spent in discussion of legislation.

The conference is also planning a training school for public welfare commissioners and their principal assistants, to be held in Albany on October 15, 16, and 17, in coöperation with the New York State Department of Social Welfare and the New York State Temporary Emergency Relief Administration. The school will be held at the same time as the New York State Conference on Social Work and will utilize the institutes of that conference for the major part of the instruction to be offered.

Training schools for city and village clerks and purchasing officials were held in Jamestown in June under the auspices of the Mayors' Conference.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York—A Model County Planned.—With Tompkins County as its laboratory, the New York State Temporary Emergency Relief Administration soon will begin one of the most ambitious experiments in welfare work ever undertaken by a government agency—the development of a model county.

The state and county together will pour into the project hundreds of thousands of dollars to develop rural roads, re-plan school districts, create recreational and social groups, and establish subsistence homesteads.

The TERA is expected to start the experiment with an initial allowance of $200,000, which will be turned over to the newly formed development board. The plan has been accepted by the county board of supervisors.

Tompkins County was chosen for the development by the rural advisory committee of the TERA, of which Dean Carl E. Ladd, of the State College of Agriculture at Cornell University, is chairman.

The county was selected because it had made a notable record in civic improvements, particularly in and about Ithaca, such as roads, parks, drainage systems, bridges and playgrounds. The record of the county and city in using government money under the CWA and TERA also was recognized in making the selection.

The project will include the purchase of sub-marginal lands and their transfer to the state conservation department for reforestation and use as game refugees.

Roads will be improved in accordance with the needs revealed by the land-use surveys; electric power lines will be extended in cooperation with local residents, and the state department of education will be called upon to aid in re-planning the school districts. Transplanted marginal farmers will be organized into educational, recreational, and social groups with the aid of local agricultural extension supervisors.

*

Texas—Two Offices Combined.—Until recently the constitution of the state of Texas provided for the election by popular vote of a county tax assessor and for the separate election, likewise by popular vote, of a tax collector. Some two years ago the state legislature proposed an amendment combining the offices of assessor and collector of taxes, and in November 1932 the proposed amendment was approved by popular vote. In many counties in the primaries currently under way (July 28 and August 25) both the former assessor and the former collector are seeking the nomination for the new office—frequently, it may be noted, on the second term plea.

It is not known precisely what course of reasoning led to the combination of these two particular offices. It is worthy of note, however, that some small progress has been made in the reorganization of county government in this state. The step taken is a lame and halting one, but it constitutes an entering wedge. It is quite likely that more will be heard of the county reorganization movement in the next several months.

Roscoe C. Martin

University of Texas

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Virginia—Managerial Government Has Auspicious Start in Henrico County.—After a legal fight,[1] the new Henrico County board of supervisors was installed in office and in March 1934 elected Willard F. Day as manager. Mr. Day was a civil engineer before entering the profession of city manager. Before coming to his new post he had made an excellent record during his eleven-year term as manager of Staunton, Virginia, the little city in the Shenandoah Valley where the managerial system originated. Opportunities for the exercise of his managerial ability will be broadened in Henrico which is the semi-urban county lying around Richmond. His salary will be $5,000 a year. He has taken over the directorship of the important department of finance where he will exercise duties formerly held by the county treasurer and the commissioner of revenue, and will supervise purchasing, auditing, and the preparation of the budget.

In the new county organization are seven departments, namely: finance, public works, public welfare, law enforcement, education, records, and health. Old offices abolished are county surveyor, coroner, superintendent of the poor, constables, school trustee electoral board, and inheritance tax commissioner; their duties are taken by director of public works, commonwealth attorney, superintendent of public welfare, and sheriff respectively. The anomalous school trustee electoral board had outlived its purpose and leaves no successor.

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[1] See the National Municipal Review, June, 1934. p. 325.

An interesting feature about the budget for the fiscal year 1934, submitted by Mr. Day to the board of supervisors, is a revenue item of $31,300 which under the old government represented fees paid sheriff, county clerk, commonwealth attorney and trial justice. State aid accounts for 30 per cent of the revenue and the appropriation for schools represents 47 per cent of the total expenditures.

James E. Pate

College of William and Mary

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Mississippi — County Indebtedness. — A new statute in Mississippi requires annual auditing of each county's books by the state auditor's office and marks a change from the old system wherein each county was virtually a law unto itself. The following is based on a survey of the funded debt of the counties made by the state auditor.

The total bonded indebtedness of the eighty-two counties is $75,552,213 or $37.59 per capita, and equals 13.6 per cent of the $555,990,470 of assessed valuation, this valuation representing a shrinkage of approximately 50 per cent in the past five years. Road and bridge bonds account for over two-thirds of the total or $56,052,876; schools, $6,770,567; courthouses and jails, $2,311,500; and miscellaneous, $10,417,270. Six counties have over one-half of the courthouse and jail indebtedness, and the three gulf coast counties, with bonds aggregating $4,532,500 issued for seawall-road protection, account for nearly one-half of the miscellaneous indebtedness.

Bonded indebtedness of counties is limited to 10 per cent of assessed valuation, a maximum which is exceeded by fifty-one of the counties. This is, of course, accounted for in large measure by the great decrease in assessed valuation. County indebtedness ranges from $23,000 or $1.19 per capita, in Pearl River County to $6,010,900, or $136.17 per capita, in Harrison County, this per capita figure being exceeded by Hancock County which has a per capita debt of $152.18. The fifty-one counties with an indebtedness in excess of the limitation have debts ranging from 10.1 to 39.6 per cent of assessed value while in the remaining thirty-one counties the ratio is as low as .42 per cent.

In one county funded obligations equal 39 per cent of assessed valuation, and it is stated that a tax levy of 80 mills would not take care of interest and principal requirements during the next four years. In common with other heavily burdened counties, this county is endeavoring to rearrange its debt set-up so that a reasonable levy will take care of the obligations during a twenty-year period. The present calendar requires this county to meet a debt service charge which will average $161,914 and which ranges from $332,783 to $5,150 per year for the twenty-one-year period. If better distributed it would be possible to retire this indebtedness, acquired largely when the county was created in 1918 for the provision of essential services such as roads and schools, without a confiscatory tax levy.

The serious debt situation cannot be ascribed either to the lack of centralized control or "politics" but to a number of factors: *first,* the decline in assessed values, amounting in some cases to over 50 per cent in the past five years; *second,* the rapid development of roads and schools during the period of easy credit and high valuations; *third,* in the case of a few new counties formed from remote parts of pre-existing counties, a reasonable use of credit in providing communication and educational facilities.

At the recent annual meeting of the Association of County Supervisors steps were taken to make a thorough study of the debt-ridden counties as the basis of a voluntary refunding proposal which would bring necessary relief to a burdened people. This will take the form of a refunding issue to take up existing bond issues and provide for retirement uniformly over a reasonable period of time. It appears necessary to refrain from further issuance of bonds for new purposes until this present indebtedness has been taken care of.

David Wilbur Knepper

Mississippi State College for Women

Tennessee—To Curb "Fee Grabbing".— Legislative changes to curb "fee grabbing" were outlined in the first report of the Committee of 100 in Chattanooga. Three specific recommendations were made which were comparable to efforts of a similar nature in other states. The changes urged were:

1. That the city charter of Chattanooga be amended to confer on the city court judge exclusive jurisdiction for the arrest and trial of persons accused of misdemeanors in the city.
2. That state law be revised to the end that all persons accused of misdemeanors in the four largest cities (Memphis, Nashville, Chattanooga and Knoxville) be tried without juries except where their fines would exceed $50.
3. There should be no more field deputy sheriffs (who have worked from J. P. courts with slight supervision, and who are allowed $200 maximum in fees) than are needed to enforce the law, and that they should be paid fixed salaries.

Editorial response to these proposals has been prompt and commendatory, and effort is now being made to pledge legislative delegations for the reforms.

Frank W. Prescott
University of Chattanooga

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Missouri—Counties Prepare Budgets.— Marked improvement has been made in Missouri county government and administration during the last twelve months. The general assembly in 1933 enacted laws requiring the preparation of county budgets, installation of uniform records and accounts, and periodic auditing of county offices and institutions.

Chief credit for this improvement belongs to the state auditor and his staff who have handled their new supervisory duties with rare tact and judgment. The provisions of the new laws were discussed by the auditor, his chief clerk, and other members of his staff at the 1933 convention of the Missouri County Clerks' Association, in a series of nine regional conferences for county clerks, and in personal interviews with county officials.

For the first time in the history of Missouri, the state auditor has on file in his office budgets from more than 100 of the 114 counties. Each of these budgets was prepared by the county clerk, who is budget officer in counties of less than 50,000 population. The budget was then submitted to the county court for its consideration and approval. (The Missouri county court is in reality a county board of three commissioners or supervisors, retaining only a few minor judicial powers.) A copy of the budget, as approved by the county court, must be filed with the state auditor. The old statutes did not even require the preparation of a budget, so only rarely did a county clerk attempt to make one.

It has been necessary, however, for the state auditor to interpret liberally certain provisions of the budget law so that county clerks could distribute proposed expenditures among the six specified classes and at the same time balance the budget. Thus administrative discretion has made flexible a very rigid law.

A few clerks oppose the new law because it has interfered with the scheme of budgeting which they themselves devised under the old law. Despite these objections the response from the 109 counties having less than 50,000 inhabitants has been much more favorable than the writer anticipated.

The response has not been so favorable from the five counties having more than 50,000 population. The constitutionality of this portion of the budget law is now being contested in the courts. Only one of these counties has filed a budget with the state auditor.

Wm. L. Bradshaw
University of Missouri

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Arkansas—County Consolidation Considered.— At the annual meeting of the Arkansas Peoples' Conference on Government, a state-wide nonpartisan organization of civic leaders, held at Hughes, Arkansas, June 10-11, two sessions were devoted to problems of county government. County consolidation and initiated county salary acts were subjected to examination.

A paper on "County Consolidation" presented by Mr. J. N. Heiskell, editor of the Arkansas *Gazette,* contained an excellent survey of the published material on this subject. In discussing the possibility of consolidation in Arkansas, Mr. Heiskell called attention to the following facts: of Arkansas' seventy-five counties, eight have an assessed valuation less than $2,000,000 and twelve have less than $2,500,000; county populations range from 137,727 in Pulaski to 7,695 in Perry, and assessed valuations range from $72,053,125 in Pulaski to $965,971 in Stone. In 1932, he said, "the Arkansas county among the fifteen with the lowest valuations had an ad valorem revenue on the basis of a five mills rate, of only $5,819 . . . the county among the fifteen with the highest valuations had on the basis of a five mills rate an ad valorem revenue of only $12,713[1]. . . Every county in the state must have the same officials, with the exception that in counties of less than 15,000 population the circuit clerk shall serve also as county clerk. Although three counties have fallen below 15,000 population they continue to support both circuit clerks and county clerks. Although Arkansas has for many years had no more than 75 counties, it has 86 courthouses, each with its county officers. One of the counties with two courthouses, Franklin, has only 15,573 inhabitants, another, Sharp, has only 10,715 people, and an assessed valuation of $1,786,132."

Opponents of county consolidation were given an opportunity to voice their views in a symposium following Mr. Heiskell's paper. They stressed the undesirability of consolidation because of the resulting centralization which would inevitably diminish local self-government, the unfortunate experience of Arkansas with consolidated school districts, the possibility of building even more powerful "courthouse rings," and the economic loss to the citizen and the county government.

Fixing Salaries by Local Initiative.—At the same conference a paper on "The County Salary Act in Arkansas" was read by Edward H. Coulter, El Dorado, Arkansas. At the present writing almost fifty Arkansas counties have initiated local acts fixing the maximum salaries of all county officials, fixing the number and salaries of all deputies, clerks, and assistants, and prohibiting the employment by an official of any person related to him within the fourth degree of consanguinity. The chief objectives of the county salary acts are to curtail the fee system and to permit regulation of official salaries by the voters in each county. These acts may be regarded as an exercise of a modified county home rule.

Mr. Coulter pointed out that the present instance is the first widespread attempt to utilize the initiative procedure in obtaining local or special county legislation in Arkansas. One county, Union, has operated under a locally initiated salary act since 1932, and according to Mr. Coulter, salary expenditures for the year 1932-1933 were over $60,000 less than in 1931.

The initiated salary acts are based upon the Union County act and a model salary act drawn up by a joint committee representing the Arkansas Peoples' Conference on Government and the state chamber of commerce. The final date for filing initiative petitions is September 6, 1934; petitions will be submitted to the electorate November 5, 1934.

KENNETH O. WARNER
University of Arkansas

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Census Survey of Tax Delinquency.—Tax delinquency is far more prevalent among properties of an income-producing type than among those of a non-income-producing type, analysis of early releases by the Bureau of the Census on tax delinquency throughout the country shows. Sixty selected cities were intensively studied by the bureau as part of the Civil Works Administration program, and tabulations on twenty-four of the cities are available at this writing. Preliminary releases on some of the county studies, tabulated by states, were discussed in this department in June.

The study of the selected cities, made in connection with the real property inventory, was for the purpose of learning the responsibility of the different types of real property for unpaid taxes. Local supervisors were instructed to select a representative number of properties of different types in all sections of the city, with thorough covering of the downtown, industrial, and high-class apartment areas. Properties were classified under ten headings: one family dwellings; multiple dwellings; apartment houses; stores; flats over stores; vacant lots; office buildings, warehouses, and theatres; industrial; garages, gas stations, and miscellaneous; and hotels, clubs, and rooming houses. Data as between different cities is comparable, except that for a few cities figures cover the fiscal year 1933 instead of 1932.

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[1] The constitutional tax limit for Arkansas counties is five mills.

The tabulations compare the assessed valuations, tax levy, and tax delinquency of the different types of property, in detailed as well as summary tables. Tax delinquency is distributed among the types both as to number of properties delinquent and to amount of taxes owed. Unfortunately, some of the value of such a study is lost, in that this study is limited to an analysis of properties as such, and does not include data on ownership. The inference is justifiable that certain of the types of property are normally income-producing and are considered as potential sources of income by their owners; for other classes, as one-family and multiple dwellings and vacant lots, the extent to which expectation of income is incident to ownership is not so clear. Yet local governments, in dealing with tax delinquency, have found that owners must be classified if an intelligent collection program is to be formulated; home owners and real estate operators obviously require policies differing in important respects.

The extent to which home owners are responsible for tax delinquency is also important in view of the vast amount of legislation which has been passed recently purporting to "lighten the burden on the small home owner". The fact that several cities which have themselves analyzed their delinquent tax rolls have found that this type of owner is responsible for a relatively small amount of the tax arrears as compared with the real estate operators makes reliable and extensive information on this point even more necessary if tax delinquency data is to be of the greatest help in tax collection programs. It is possible that in its finished state the nation-wide tax delinquency study will throw much valuable light on the matter; in the meantime, it is possible to draw certain broad inferences from the data at hand.

By grouping the different types of property into income-producing and non-income-producing classes, with one-family dwellings and vacant lots classed arbitrarily as non-income-producing, it is found that the non-income-producing group is in general responsible for the smaller share of the amount of taxes delinquent. In half the twenty-four cities non-income-producing property owed less than one third of the total delinquency. In one third of the cities non-income-producing property owed from a third to a half of the tax arrears. In only a sixth of the instances did non-income-producing property owe more than half the delinquent taxes.

Obviously a portion of the one-family dwellings are occupied by renters, which would tend to reduce the proportion of really non-income-producing property occupied by the "small home owner". Furthermore, it is reasonable to assume that a good deal of the vacant lot property is held by operators, thus cutting still more into the amount of tax arrears for which the small owner is responsible. In spite of the fact that reports of some of the cities show one-family dwellings with greater delinquency than any other single one of the ten classes, these one-family dwellings compared with the types which are of a revenue-producing character make a showing which certainly entitles the "small home owner" to hold his head above his fellow delinquents. Considering the one-family dwellings only, it is found that in a third of the cities this type of property was responsible for less than a fifth of the tax arrears; in slightly more than half of the cities the group owed from one to two-fifths of the arrears; and in only two cities did it owe more than half the unpaid taxes.

As might be expected, the studies show a tendency for the one-family dwelling delinquency to be larger in percentage distribution in cities with the higher city-wide delinquency. There are, however, wide variations in this respect. Thus, the city-wide tax delinquency for the first third mentioned in the paragraph immediately preceding averaged about 15 per cent, yet the actual delinquency ranged from 1½ per cent to 31.2 per cent. The median grouping owing from a fifth to two fifths of the total taxes due had a city-wide delinquency averaging 24 per cent, with individual instances ranging from 2.2 per cent to 87.6 per cent. And in the two cities where one-family dwellings owed more than half the arrears, the city-wide delinquency averaged about 27 per cent, but was 9.4 per cent in one instance and 69.4 in the other. The inclusion of the remaining thirty-six cities studied may of course reduce the significance of these wide variations, yet their appearance does suggest that to a large extent tax delinquency breakdowns will be chiefly of local value, and cannot easily be made comparable in many vital particulars as between numerous cities.

Cities for which reports have been received are Phoenix, Ariz.; Sacramento, Calif.; Pueblo, Colo.; Jacksonville, Fla.; Atlanta, Ga.; Des Moines, Iowa; Shreveport, La.; Hagerstown, Md.; Minneapolis, Minn.; Nashua, N. H.; Binghamton, N. Y.; Reno, Nev.; Greensboro, N. C.; Cleveland and Cleveland Heights, O.; Oklahoma City, Okla.; Portland, Ore.; Providence, R. I.; Sioux Falls, S. D.; Austin, Dallas, and Wichita Falls, Texas; Richmond, Va.; and Casper, Wyo. Copies of the reports, which are preliminary, may be secured by writing to the Division of Real Estate Taxation of the Bureau of the Census, Department of Commerce, Washington, D. C.

*

Tax Strikes a la 1934.—Two press dispatches, one from Ireland, the other from Pennsylvania, carry their own significant comment on the changing attitude toward tax collection efforts in the United States. The press note from Doylestown, Pennsylvania, tells that on August 6 a mob of farmers and frantic telegrams from Governor Pinchot did not daunt Bucks County officials determined to sell 1,500 parcels of property for delinquent 1931 taxes. A year ago last January farmers in the same county successfully thwarted a sheriff's mortgage sale, buying in all a farmer's assets for a total of $1.18 and turning them over to him afterwards. This year the officials stood their ground, and the county commissioners bought in virtually all the distressed property. Important is the fact that they notified the governor that they would not postpone the sale, but pointed out that owners had two years to redeem their properties, and that no one would be put out of his home.

In Cork, Ireland, a mob was more successful in taking the fiscal affairs of the city into its own hands. On August 13 officials sought to sell cattle seized to satisfy real estate taxes, and were rushed by a truck load of farmers in a riot resulting in one death and numerous injuries.

The Doylestown affair suggests that this type of incident is no longer a power in the United States. The Pennsylvania protesters, as well as others of their kind elsewhere, seem definitely to have lost their old tax strike enthusiasm.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

New York Vote Postponed.—By one of those political miracles which sometimes happen shortly before important elections the New York legislature has unanimously abolished the New York City charter commission because it would not go far enough in charter revision to satisfy Ex-Governor Smith, Judge Seabury, and other civic leaders, and has authorized Mayor LaGuardia to appoint a new commission of nine members to submit a new charter to the voters after January 1, 1935.

That means, among other things, that the nineteen to nine vote of the old commission to submit P.R. to the voters is no longer of any legal effect. It seems probable, however, that the vote on the adoption of P.R. in New York City is merely postponed till next year. Before this note appears in print the mayor will doubtless have appointed a commission that will strive to do a more thorough-going job of charter revision than the old one gave promise of doing. With most of the important civic bodies, Judge Seabury, Governor Smith, and the mayor himself on record for the submission of P.R., a reversal of the decision of the old commission to submit it is hardly to be expected.

Moreover, the importance of the body to which P.R. is to be applied if adopted may well be increased. The old commission had voted to allow the voters to adopt it for a new city council with large powers, not only superseding the board of aldermen but, with the mayor, having exclusive control over local laws and final control over the budget. The board of estimate and apportionment was to be retained as a separate administrative board with jurisdiction over such matters as the arrangement of particular franchises and contracts. Judge Seabury and other civic leaders whose views may have great weight with the new commission would abolish the board of estimate as well as the board of aldermen and give all the powers of both bodies—except such as might properly go to administrative departments—to a city council elected by P.R.

Another P.R. proposal—less far-reaching—is slumbering in committee in the board of aldermen. This is a proposed local law by Alderman David L. Klein, Fusion-Republican of Flatbush, to reduce the board of aldermen from sixty-five to twenty-one members and have them elected by P.R. from four large districts—Brooklyn seven, Manhattan six, the Bronx four, Queens and Richmond four. Mr. Klein also appeared in favor of P.R. at one of the hearings of the old charter commission.

New light has recently been thrown on the much-debated question of whether P.R. might possibly receive a favorable vote in New York City on its first submission. A young people's nonpartisan civic organization known as the Representative Party stationed members at various busy corners in different parts of the city to question passers-by without selection on five important civic issues. To the fifth question, "Are you in favor of proportional representation?", 86,511 answered yes, and 31,487, no.

*

Prospects Good in Toledo.—All the Toledo daily newspapers are backing the P.R.-city manager amendment to the city charter on which a vote is expected this fall. Toledo University students and alumni are continuing to render valiant service in the campaign. Chief opposition comes from certain sections of the city which are anxious to retain local representation and do not yet understand that P.R. at large assures it just so far as the voters wish it.

Toledo had a P.R.-manager campaign in 1928, when a charter based on the model city charter of the National Municipal League was brought forward by an official charter commission. At that time the situation was successfully confused by the city council, which put another city manager amendment on the ballot at the same election. Analysis of the vote showed that a large majority had almost certainly voted for the manager plan in one form or the other and more voted for the P.R. than for the decoy charter, but the new charter forces were sufficiently divided by the ruse so that neither proposal carried.

*

Springfield Considers P.R.—Another Ohio city which may vote in the near future on a P.R. amendment is Springfield. Springfield is one of the pioneer city manager cities, having used the plan since 1914. But mediocre city councils have prevented the plan from giving the distinguished service enjoyed by many other manager cities.

Last year, under the quiet effective leadership of Walter J. Branson, an influential group was called together for two meetings with the editor of this department and plans for the submission of a P.R. charter amendment at a later date were seriously discussed.

This spring first steps were taken by a larger group toward the permanent organization of a nonpartisan citizens' committee to emulate the City Charter Committee of Cincinnati in advancing the civic welfare of the city. Bert F. Downey, president of the Springfield Rotary Club, was made temporary president. The organization meeting, sponsored by the four luncheon clubs of Springfield, was addressed by Mayor Russell Wilson of Cincinnati, who devoted a major share of his attention to the advantages of P.R. as exemplified by the comparative experiences under city manager charters of Cincinnati and Kansas City.

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New Jersey Gets a Constructive Proposal to Abolish Primaries.—Assemblyman Theron McCampbell of Monmouth County, who was an independent candidate for governor in the recent Democratic primary, sponsored a comprehensive P.R. bill this year in the legislature of New Jersey. The measure, known as Assembly Bill No. 276, proposed to put up to the people of the state the abolition of all primaries and the conduct of all elections by proportional representation or majority preferential voting. The Hare system of P.R. was to be used wherever two or more were elected to an office from the same district, as in the case of assemblymen from all the larger counties, and the corresponding system of preferential voting—generally known as the alternative vote—wherever a single official was to be chosen.

The bill was introduced for educational purposes and received favorable comment from newspapers in several parts of the state.

"New Jersey will probably not accept such a method of naming its officials," said the Bergen *Evening Record* of March 1 editorially, "but it is worth the study and consideration of people who are tired of government by a few."

*

A Recommendation for Chicago—E. O. Griffenhagen, efficiency engineer who conducted a governmental survey of Cook County for a committee of the Illinois legislature two years ago, recently outlined for the public affairs committee of the Chicago Union League Club "a comprehensive plan for the unification and simplification of Cook County's present bramble patch of local governments." His prescription for the city government of Chicago was as follows: "Employ a city manager and replace the present city council with a body of not more than twenty-one, and perhaps of eleven or fifteen members, elected at large in the city by proportional representation. The council would pass on matters of policy only."

*

Local Elections in Ireland.—First in importance among the most recent P.R. events are the elections in the Irish Free State which took place on the 26th June, 1934. In Great Britain, Parliament has not yet granted powers to local authorities to use P.R., but this electoral system was used in all the local government elections in the Irish Free State. They include county councils, over twenty in number, and urban councils totalling nearly eighty; the latter range from the larger boroughs like Cork, Waterford, and Limerick, down to small townships. The city of Dublin, which elects its council by special conditions under P.R., did not hold its elections at this time. In all, about one hundred returning officers were responsible for conducting elections under the P.R. system. The elections proceeded quite smoothly. In Dublin County, where there was a 70 per cent poll, and in some other areas, the results were announced the following day. Elsewhere there was a little delay, as in county Cork, where the counting of the votes in the several divisions took place consecutively and not simultaneously.

The election results present a marked contrast to those in Great Britain. In the Irish Free State there is no monopoly of representation either in any electoral division or in any town or county taken as a whole. In London, however, several borough councils consist of representatives of one party only, whilst on the London county council great blocks of constituencies are represented by one party, some fifty-four seats contiguous to one another having given last March the following result:

Party	Votes	Seats
Labour	395,654	54
Municipal Reform	198,991	0
Liberals	30,967	0

Moreover, everywhere in the Irish Free State P.R. has assured a reasonable relation between the votes cast and the representation secured. In Glasgow, on the other hand, in the elections held last November under the British "majority" system, a party polling 98,000 votes out of a total of 310,000 secured 21 out of the 35 contested seats.

The Corporation of the City of Cork consists of 21 members. The members hold office for three years, and one-third retire every year. The whole city is one constituency, and so far from there being any monopoly of representation, the three main parties—Fianna Fail, United Ireland Party, and Labour—each secured in this recent election two representatives, whilst the seventh seat was won by an Independent, who headed the poll.

The Irish counties are divided for county council elections into districts returning on an average from six to eight members. Conditions are therefore favourable to full representation, and the working of the P.R. system can be illustrated by examples from Dublin, Kerry, and Cork.

The figures for Dublin County (first preferences) were:

Party	Votes	Seats
United Ireland Party	11,398	12
Fianna Fail	10,254	10
Labour and Ind. Labour ..	2,445	1
Independents	1,867	1

The two large parties obtained representation in each division; their representation for the whole county is almost strictly proportionate. An Independent was successful in one division, and an Independent Labour candidate in another. These polled the requisite number of votes in their respective divisions.

The largest county is that of Cork. The figures for the whole county were:

Party	Votes	Seats	Seats in proportion to votes
United Ireland Party	41,096	37	36
Fianna Fail	26,648	25	24
Labour	6,640	5	6
Independents	2,289	1	2
Totals	76,673	68	68

The new Cork county council is fully and fairly representative of those who voted. The large parties gained seats in each division and in the total result have a slight advantage over the smaller groups.

The United Ireland Party was the largest party in each of the eight divisions into which the county of Cork was divided. If instead of the proportional system, the block vote had been used, as in the London borough council elections, the whole of the sixty-eight members of the Cork county council would probably have been drawn from representatives of one party, the United Ireland Party.

In the county of Kerry, Fianna Fail was in the ascendant in each division. Under the block vote this party would probably have gained the whole of the thirty-four seats, whereas under the proportional system the result was:

Party	Votes	Seats
Fianna Fail	19,024	20
United Ireland Party	10,676	10
Independents	6,175	4
Labour	660	0

These Irish elections prove once more that representation depends not only on the votes cast but on the method of election. Under the block vote, the results for the Cork and Kerry county councils would have resembled the results in Bethnal Green, Fulham, Wandsworth, Chelsea, and other London boroughs, the councils of which consist of members of one party only.

As in all P.R. elections, public interest was widespread. There was a large poll; there were contests everywhere, for in every area the minority had a chance of securing a share of the representation.

John H. Humphreys, *Secretary*
British Proportional Representation Society

Stoughton Cooley.—On May 31 the P.R. movement lost one of its most effective pioneers in this country, Stoughton Cooley. When the Proportional Representation League was founded at the World's Fair in Chicago in 1893, Mr. Cooley was made its first secretary, in which capacity he served capably for some years without compensation. For the first three years he edited an excellent quarterly magazine, the first series of the *Proportional Representation Review,* containing articles not only by leading American proportionalists, including William Dudley Foulke, John R. Commons, Charles Francis Adams, and Simon Sterne, but by such eminent foreigners as Sir John Lubbock, Leonard Courtney, and Ernest Naville of Geneva. (See "Proportional Representation", by Hoag and Hallett, page 187.) Although the league languished thereafter for some years for lack of financial support, it has been kept alive continuously ever since, and there is no doubt that the early efforts of Mr. Cooley and his associates did much to pave the way for the eventual use of P.R. in Cleveland, Cincinnati, and other cities and the present hopeful efforts for its adoption in New York, Philadelphia, Pittsburgh, Boston, and Toledo. For some years Mr. Cooley has lived in Los Angeles, California, less active in the P.R. movement but continuing his interest in this and other public affairs to the last. At the time of his death in his seventy-fourth year he was still a member of the P.R. League's advisory council.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Seattle Municipal League.—The annual report of the president of the League was presented at a recent meeting. Reviewing the League's activities during the past year, the president cited in particular the carefully prepared and useful reports of the committee on beer and liquor, the committee on CWA activities and unemployment relief, and the committee on city lighting. During the year the League has carried on an intensive educational campaign to arouse support for the ideals of the city manager form of government, and an attempt was made to bring the question of adopting a city manager charter to a vote. The League has also sought legislation which would permit a reorganization of county government. Professor Joseph P. Harris, a vice-president of the League, has been particularly active in this work.

The secretary of the League, Elvin P. Carney, besides carrying the League's program, served as the chairman of the speakers bureau of the Seattle Tax Reduction League, and as a member of the Community Club's budget commission.

In the opinion of the retiring president of the League, the effectiveness of the organization can be greatly increased if sufficient funds can be secured to permit the employment of a full-time secretary who, in addition to handling the League's affairs, "can lay the beginnings of Seattle's much-needed bureau of municipal research."

The formation of the following permanent sections was recently announced: city and regional planning, education and recreation, governmental organization, public finance and taxation, public utilities, public safety and defense, social welfare.

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Los Angeles City Bureau of Budget and Efficiency.— The work of the Bureau of Budget and Efficiency has been quite varied for the past year. Revenues of the city for general purposes have decreased approximately 40 per cent in the last four years which has necessitated many critical readjustments and changes in organization.

The Bureau, working in an advisory capacity to both the mayor and council, has had to comprehend both the underlying principles and details of this situation and has formulated procedures whereby a satisfactory and balanced program of activities could be maintained within the limits of available funds.

The Bureau is an integral part of the government and must confine its activities within the scope of routine and administrative affairs. Its work for the past year has been centered in salary rate readjustments, functional organization of departmental activities, prescribing statistical and accounting procedures for the purpose of collecting information to measure the efficiency, extent, and cost of activities, and the readjusting of the general financial work programs of the government in order to fit the rapidly changing demands being imposed upon it.

The activities of all departments have been charted, both upon the line of authority and functional basis, and the cost of each function expressed in terms of expenditures, number of personnel employed, and percentage of salaries to other expense. Detailed administrative surveys have been made of several of the larger departments and extensive recommendations made for the reorganization of such services. This routine work shows its greatest benefit in the advisory assistance that the Bureau gives to the mayor in the preparation of his annual budget, and the very nature of the work already done and the realization of existing difficulties indicate that the work of the Bureau for the next year must be more closely centered in administrative and financial control than ever before and will possibly include the study of changes in the basic organization as determined by charter.

Roy A. Knox, *Director*

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Fitchburg Taxpayers' Association, Inc.— With the double object of reducing the cost and increasing the efficiency of local municipal government, the Fitchburg (Massachusetts) Taxpayers' Association, has, during the past year, made surveys of a number of city departments.

The most detailed of these studies concerned the public welfare department, which has since adopted many of the recommendations of the Association, with a consequent improvement in welfare administration. Suggestions made by the Association concerning the water and cemetery departments, particularly with a view to eliminating the need of any tax appropriation for those departments, are now under consideration by the city government, and it is probable that some of the more important will be accepted in the near future. The Association, with the coöperation of the local school committee, is now engaged in a detailed study of the school department, which it is hoped will result in the adoption of a comprehensive, long-time plan for development of Fitchburg schools.

The Association was also instrumental in the passage of a city budget which should prove low enough at least to prevent an increase in the local tax rate; and has actively coöperated with the Massachusetts Federation of Taxpayers' Associations in various movements for economy in state government.

Gardner C. Hudson, *Director*

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Ohio State Tax Commission.—The 90th general assembly of the Ohio legislature in the second special session this spring passed a bill authorizing the Tax Commission of Ohio to establish and maintain a section of research and statistics. This section will carry on a continuous research program and will study the practical operation of taxation and revenue laws in Ohio and in other states. This is the first time that a definite department of the Ohio Tax Commission has been set aside for research and statistical analysis.

The present program of the research section continues the projects undertaken by the special joint taxation commission. Probably the most important project is the analysis of the effects of the recently enacted constitutional amendment limiting tax levies to 10 mills. This is a reduction of the prior constitutional amendment limiting tax levies to 15 mills. Studies are being made of all revenue resources of the state and local subdivisions. Another project nearing completion is a thorough analysis of delinquent property taxes in the state. The three major factors affecting tax problems in Ohio are: reduction in the value of property subject to the general property tax; limitation of tax levies and the resultant loss of local revenues; the amount and effect of delinquent taxes. All of these matters are receiving the attention of the research staff of the Commission.

Constructive legislation dealing with financial problems of government has been handicapped in the past by a lack of accurate knowledge. It is hoped that the research activities of the Tax Commission will be helpful in furnishing the needed information.

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Emory University.—The seventh annual Institute of Citizenship was held in February on the campus of Emory University in Atlanta, Georgia. This annual conference is attended by citizens throughout the state who are interested in public affairs. The central theme of the meeting this year was the New Deal. In addition to addresses dealing with national and international economic problems, Robert Mizell, president of the Taxpayers League of Atlanta, led two round table discussions on the problems of local government; the Honorable Abit Mix of the University of Georgia Law School, Athens, Georgia, spoke on the problems of state government; and Chester McCall of the United States Department of Commerce, speaking on "Youth and the New Deal," outlined the projected school of public affairs now being organized in Washington. Numerous others participated in the round tables on these subjects.

The Institute's director is Cullen B. Gosnell of the political science department of Emory University.

*

St. Paul Civil Service Bureau.—The chief examiner of the Bureau, John B. Probst, has recently issued a very readable and informative report on Personnel Administration in St. Paul during 1933. This little booklet might well be taken as a model of what constitutes an adequate annual report of a municipal personnel agency. Four thousand persons took civil service examinations during the year. This number is 325 per cent greater than the yearly average. A great deal of time was saved in connection with the examination work through the discovery early in the year of a new method of scoring examination papers by machine. This made it possible to score up to three thousand papers an hour. A description of this new plan will be available for distribution as soon as time and funds permit.

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St. Louis Bureau of Municipal Research.—The Bureau has just issued its report on the city budget for 1934-35. This brief report presents the essential information concerning the budget in a condensed form which citizens might reasonably be expected to read. Significant facts about the budget are brought out and made understandable by comparisons with previous years and the use of percentages. Practically all municipal research bureaus publish budget analyses similar to this one of the St. Louis Bureau. Such reports do a great deal to make *possible* citizen interest in government.

Pierce County Taxation Bureau (Tacoma).—The Bureau is actively engaged in making a functional survey of the operations and cost of all branches of county government in Pierce County. The method being pursued is generally as follows: functions provided by the state constitution and statutes and the functions carried out by county officials have been listed, and a tabulation showing in parallel columns the functions as provided by law and those now being carried on has been prepared. This tabulation shows the functions which overlap and instances where two or more county offices are engaged in the same type of work.

Methods of recording used in Pierce County are being studied as are the methods used in other counties in writing and copying tax rolls, tax receipts, checking, etc. The handling of purchases, recording of receipt and use of materials, accounting for county property and road machinery will be dealt with before the study is completed.

As a result of this survey, the Bureau hopes that, with the coöperation of the county officials, some economies can be effected by eliminating duplication of services. It is possible that the consolidation of certain departments will be recommended.

T. S. McEachran has succeeded the late J. E. Grant as director of the Bureau.

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Toledo Commission on Publicity and Efficiency.—On March 31 the Commission completed the eighteenth year of its existence. The April 14 issue of the *Toledo City Journal,* published by the Commission, contains a report of the activities of this pioneer research agency during the past year. An important project completed in this period was a report on the financial program of the city. Using the report made by Lent D. Upson in 1932 as a basis, the Commission called attention to the trend of revenue receipts and expenditures and the disastrous financial condition towards which the city was heading unless policies were changed and the recommendations of the Upson study carried out. That this prediction was justified was shown by the city ending the year 1933 with $1,600,000 bond maturities in default, employees unpaid, and a floating debt amounting to several million dollars.

A reclassification of positions and a revised schedule of salaries was prepared by the Commission at the request of the salary committee of the city council. The practical destruction of the merit system in many departments and divisions of the municipal service by the passage of an ordinance in 1932 was one of the reasons for the survey.

A third study of major importance was that of the absences in the police and fire divisions. The study showed that absences from duty were costing the city $25,000 annually, and that a minority group of employees were taking advantage of the situation. The report recommended that the entire system of handling absences be revised.

A number of research projects of less importance were carried on throughout the year by the Commission's staff, the Commission also directing a series of studies made with the help of CWA employees.

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Los Angeles County Bureau of Efficiency.—During the past year the Bureau has experimented with a plan of apprenticeship training. The plan has been highly successful and will be continued during the coming year. Four young men, from the University of California at Berkeley, University of Southern California, University of California at Los Angeles, and Stanford University respectively, were selected upon recommendation of the university authorities. These men were called "student investigators," and were paid $50 a month. Their duties consisted of securing and compiling factual data in connection with the studies being carried on by the Bureau's regular staff, and making minor investigations. After the one-year apprenticeship period is completed, it is the plan of the Bureau to place these young men in some county department under the classification of "research assistants." There is no civil service obstacle to such a plan except that final appointment will depend upon the successful passing of a civil service examination. Department heads have been extremely interested, and their coöperation is assured.

Apprenticeship training offers great possibilities for the improvement of government, and public officials have a definite responsibility in encouraging young people to train for government work and for executive or administrative positions. The inauguration in other cities of an apprenticeship plan modeled after that of the Los Angeles County Bureau is to be anticipated.

TAXING RFC BANK STOCK

To the Editor,

THE NATIONAL MUNICIPAL REVIEW:

As one of the oldest members of the National Municipal League I am writing to call attention to a statement made by Mr. Betters in his article in the August number of the REVIEW, on page 423, in which he states that one of the effects of recent national laws is "the withdrawal of bank stock purchased by the RFC from local assessment and taxation (without any thought by the federal government as to the effect on city revenues)."

In this connection I am submitting copy of an opinion rendered to the State Tax Commission (of which I am a member) by Assistant Attorney General of Maryland William L. Henderson, in which it is held that shares of national bank stock are not rendered immune from state and local taxation by reason of their ownership by RFC.

Very truly yours,

OSCAR LESER

Assistant Attorney General Henderson's opinion, referred to in Mr. Leser's letter, cites provisions in the Maryland Code by which "even in the absence of this section, the state could not tax property exempted by the federal constitution, nor could it tax property of the United States without express congressional assent."

Nevertheless, "the Reconstruction Finance Corporation subscribed to the shares of preferred stock held by it pursuant to authority conferred by the federal statute (Title 12, Section 51D, U. S. C. A.). This section does not confer any right of exemption."

After quoting decisions involving phases of the problem in various state courts and in federal cases, the opinion concludes:

"Assuming for the purposes of this opinion that the Reconstruction Finance Corporation is a federal agency, exercising a proper governmental function in a national emergency, and having no private stockholders, I am nevertheless of the opinion that the shares of preferred stock in a national bank held by it are subject to taxation by the state, by virtue of the congressional consent implicit in section 548 of the National Bank Act."

League's Business (Continued from Page 450)

It was with some such conception in mind that the Public Administration Clearing House called the Paris round table conference. Louis Brownlow, director of the Public Administration Clearing House, presided.

At least two agencies exist at the present time for the international clearance of information concerning administrative experience and the results of research—the International Institute of Administrative Sciences and the International Union of Local Authorities. The first mentioned organization specializes in exchange of experience at the national government level and the second at the local government level. The conference felt strongly, however, that the work of these and other agencies should be greatly coördinated and somewhat expanded in order that the machinery for international clearance of information be better adjusted to the requirements.

The necessity for teamwork internationally in the field of public administration was emphasized by all in attendance as well as the necessity for developing leaders of capacity and understanding. As expressed crisply by Baron von Hahn of the International Labor Bureau of the League of Nations, "National team work needs a first class brain—international team work needs several first class brains!"

The delegates decided upon the appointment of a permanent committee to follow through the tentative suggestions proposed at the conference and work out some permanent method for international clearance of desired information.

HOWARD P. JONES, *Secretary*

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

The Coming American Revolution. By George Soule. New York, The Macmillan Company, 1934. 314 pp. $2.50.

No one who wishes to comprehend the meaning and direction of present events can afford to miss reading George Soule's brilliant and incisive analysis. Not only does it furnish a well focussed perspective for viewing the New Deal in its actual significance and proportions, but it provides stimulating orientation for those who are concerned as to what the instability of the present portends for the American society of the future.

That a great social revolution is under way, Mr. Soule believes there is no question; but it is still in the early stages and is not likely to reach its climax for many decades.

In the first of the four parts into which the book is divided he dispels the many naïve and unscientific ideas about the nature of revolution by projecting the present against the pattern of great revolutions of the past. In part two, "Changes Under the Surface," he points with convincing precision to the basic maladjustments in our system which are sweeping us toward the creation of a new order. In his lucid presentation of the fundamental changes in capitalism calling for "rapid readjustments of the elements of our system" which the dominant holders of wealth and power are showing an increasing incompetence to effect, he displays those broad powers of social thinking with which it would be well that more of our economists were blessed.

"The Crisis of the Thirties" takes up a dramatic third section. The collapse of the Hoover recovery policies, based on the false assumption of the fundamental soundness of the economic and social structure, the unearthed series of scandals of banking and big business and the increasing fermentation among the most seriously afflicted classes are injected tellingly as signs of the times; but the analysis of New Deal progress and policies is even more characteristic of the author's detached and balanced perspective. The partial failure, thus far, of the major policies of the New Deal he attributes to the fundamental conflict of purposes behind the scene, the attempt to keep all factions contented, the inability to follow plans through, the failure to set up proper informational and coördinating machinery for checking, and the lack of a clear-cut social philosophy to serve as a guide for planning and action. The New Deal is viewed, in fact, not as the creator of a reformed industrial system but as "an arena in which sides could be chosen and significant conflicts waged"; and its place in history will come, Mr. Soule believes, not from its success in social planning, "but as a step in the educational process which is necessary if the workers, the farmers, and the professional and white-collar classes are ever to become sufficiently mobilized and conscious enough of a program so that they can engage in successful social planning."

Mr. Soule's predictions sound a note of long-term optimism. Our knowledge tells us "that in the past, when human beings have been confronted with the breakdown and failure of old regimes, they have found their way through, sooner or later, to new ones better adapted to the times. There is no valid reason why people should not continue to do so in the future." For the near future there are the possibilities of a temporary revival of business profits on the basis of a poverty level for large masses of the population, or of inflation which would make the rise of revival sharper and the ensuing drop harder. Capitalism, he believes, however, is fighting a rear guard action and sooner or later, if not under the present administration then under a later one, "if not in the next depression, then after several more depressions, a serious and informed attempt at social planning is certain to be made."

That a social revolution can be definitely charted as on its way, Mr. Soule is certain. He does not believe that it will arrive through a revolt under Communist leadership. While he recognizes "many of the raw materials of Fascism lying about" and concedes its possible temporary rise to power, "it would be but a temporary and repulsive reaction, not a solution of anything." Rather, he visualizes the upward climb of farmers, wage-earners, technical and professional men, the formulation and clarification of revolutionary ideas, a prolonged period of turmoil, uncertainty, and discomfort, and the ultimate realization of a system of socialized planning which will better conform to the needs of a technical civilization.

Frederick L. Bird

*

Recent Political Thought. By Francis W. Coker. New York, D. Appleton-Century Co., 1934. 574 pp. $4.00

It is particularly appropriate that this volume should have appeared at this time, though no doubt it will be read by far too few. In it, there has been essayed the task of presenting the major trends in political thought over the past eighty years. While some omissions could scarcely be avoided if the material were to be kept within the compass of one volume, the treatment of the various and conflicting theories which are considered is remarkably lucid and unbiased.

The author has chosen to divide the field into three parts, devoting a section to Socialistic Doctrines, another to The Controversy over Democracy, and the third to Political Authority and Individual Liberty. There is also a short section at the beginning devoted to a consideration of the heritage of political ideas of the mid-nineteenth century. An extensive bibliography, provided at the end of each chapter, should be of great value to those who are inspired to explore further.

Today, when there is so much change imminent, two things are necessary if any progress is to be made. First a realistic evaluation of the present order, and secondly a basic philosophy and a definite aim. Much has been done to achieve the first of these. The events and experiences of the past few years have left little doubt in the minds of intelligent persons that our present order has been tried and found wanting. Able and trenchant observations have been made and the inevitable consequences which will accompany a continuation of old practices have been clearly pictured. But there the matter seems to rest for most. Having been shown what lies in store, far too many have evinced nothing but bewilderment, meanwhile hoping for the best. Within government itself most of the supposed leaders have rather clearly demonstrated their lack of fundamental concepts, and even where admitting the evidence to be irrefutable have done no more than limp along with a patchwork of ideas and hopes which need constant overhauling.

In view of the present widespread uncertainty it is particularly desirable that the age-old questions of why we have the state, what its functions should be, and how it should be organized and controlled should again be generally examined. And any intelligent and impartial presentation of the conflicting points of view which have been evolved by those who have given serious attention to the matter cannot but be viewed with interest. While justifiable criticisms of Professor Coker's work may be made, most of them would deal with difficulties inherent in any attempt of this kind. Unfortunately all theories, or even fields of theory, cannot be included within the covers of one book. Unfortunate too that political philosophy, being of an evolutionary character, should have to be treated beginning with one point in time rather arbitrarily chosen. But bearing these things in mind, it seems that the task was well done in this instance. The choice of material shows discrimination and the point of departure was perhaps as aptly chosen as any could be.

Fred A. Schuckman

University of California at Los Angeles

*

The Retirement of Public Employees in Virginia. By Rowland A. Egger. New York, D. Appleton-Century Company, 1934. 269 pp. $4.00

State and local governments in general have made poor progress in providing adequately for the retirement of public employees. With certain notable exceptions, the status of public employees differs little from that of persons privately employed in industry after they have passed the period of productive employment. The problem of retiring workers either publicly or privately employed when advanced age or other disability misfits them for useful service constitutes one of the most important issues confronting our long-time social and economic planners. It is not difficult to establish the social desirability of old-age insurance and pension systems. The difficulty arises in setting up a technique which will be practically workable. Governments have to consider closely the costs of an adequate public retirement system for the reason that any satisfactory system is likely to call for increased public contributions.

Dr. Egger is to be credited with having made a worthy contribution in a field in which there is extreme need for practical suggestions regarding the methods by which a workable system of public pensioning of municipal employees may be established. As stated in his preface, the objective of this monograph "is to assist in the accomplishment of a very practical task, and its contribution to the scholarly and academic aspects of pension theory and administration is therefore incidental."

The monograph is divided into seven chapters, the first of which is devoted to a treatment of the legal aspects of the public pension as an act of the government. It is abundantly supplied with well selected case references in pension matters which have come before the courts. Chapter II continues with a presentation of the pension as it relates to the public servant, and here, the reviewer believes, the author has made a signal contribution both as to arrangement and exposition.

Chapter III deals with salaries and living costs of Virginia municipal employees with a view toward determining the economic ability of these workers to contribute to a pension system. From his analysis the author concludes that a majority of municipal employees "cannot make an appreciable contribution to their own retirement," but he believes that most municipal employees, other than those compensated at daily or hourly rates can "be brought in under an equally contributory schedule if salaries are maintained at a level sufficient to permit pension costs without making inroads upon the minimum health and decency budgets."

Pension characteristics of Virginia municipal employees are discussed in Chapter IV, while the two chapters following treat respectively of the structure and administration of the pension system. A model pension ordinance for the municipalities of Virginia is contained in Chapter VI.

The majority of municipalities in Virginia are too small to undertake singly the establishment of municipal pension systems. An escape from the underwriting hazard attendant upon this situation is suggested in the concluding chapter of this monograph.

The first of two appendices contains a seven-page history of court cases in pension matters and the second a tabulated comparison of municipal and state retirement systems classified on the basis of employer pensions, jointly contributory arrangements and entirely contributory arrangements.

A usable bibliography and an acceptable index add greatly to the merits of this most recent publication of the University of Virginia Institute for Research in the Social Sciences.

William H. Stauffer

*

Rebuilding in West Virginia. By John F. Sly. Morgantown, West Virginia University Bureau for Government Research, 1934. 21 pp.

For the past year and a half the daily press has carried occasional interesting items of information on West Virginia government. They have been, to a degree, supplemented by short magazine articles or references, but students of government were merely teased by the inadequacy of general information on what was apparently one of the most interesting centers of government change, even in that era. This excellent pamphlet on fifteen months of legislation supplies the necessary continuity and emphasizes the importance of the actions taken. Much of the legislation centered about the hotly discussed and little understood tax limitation amendment, but other fundamental financial and administrative problems were also in the foreground. Professor Sly has not only told the story in his direct and interesting style, but has summarized and analyzed the events and policies in admirable fashion. This brief document should achieve an important place in the records of state government reorganization as well as in the annals of the fiscal trials of the depression period.

*

Tax Limitation in West Virginia. By John F. Sly and George A. Shipman. Morgantown, West Virginia University Bureau for Government Research, 1934. 42 pp.

The second pamphlet in the West Virginia University series interpreting the rapid changes which have occurred in the state's governmental affairs during the past eighteen months, deals exclusively with tax limitation. The authors describe the background of the constitutional amendment passed in 1932, the problems involved in its application, the solution of the legislature, the difficulties created by judicial interpretations and the measures ultimately sanctioned by the courts. The final section deals with the consequences of the amendment—more far reaching than the farm and home tax relief admittedly achieved. The whole story is a thoroughly interesting one, and it is enhanced by the telling of the two competent observers. It should be made required reading for all legislators confronted with tax limitation proposals. It will be voluntarily read by all intelligently concerned with governmental fiscal problems.

*

Taxes and Tax Trends. By Katherine A. Frederic. Washington, D. C., National League of Women Voters, 1934. 144 pp. Fifty cents.

Taxes and Tax Trends emphasizes again the policy of the National League of Women Voters of publishing timely studies of vital public affairs planned especially to serve as a basis for discussion and investigation to its members but also offering to students and the general public an invaluable introduction to the field covered. Miss Frederic has given an admirable presentation both of the background of taxation and its place in the broader field of public finance and in the descriptions of the various types of taxation. The chapters dealing with the several major types of taxation—grouped as taxes on property, persons, business and consumption—are handled with careful, very careful, impartiality. Recent developments in each group are given and lines of possible future changes indicated. The usefulness of the volume is enhanced by footnote references and a bibliography.

*

Executive Control over State Expenditures in New Jersey. By Denzel C. Cline. Princeton, Princeton University Press, 1934. 36 pp.

New Jersey has for years been considered one of the outstanding examples of a state in need of administrative reorganization. Repeatedly attempts have been made to correct the weaknesses resulting from divided authority and inadequate financial control. Finally, in 1932, with a financial crisis threatening, the state asked Princeton University to study the situation and make suggestions for economies and administrative changes. The resulting legislation, enacted in 1933, while it fell far short of setting up an ideal system, did provide the basis for some improvement. Much depends on the administrative details developed by the commissioner of finance, a new office created as the representative of the governor.

Professor Cline has presented admirably the background and extent of executive fiscal control. His thorough knowledge of his subject, aided by clear and direct writing, makes this monograph of extraordinary value to students of administrative organization and financial affairs generally, as well as to those with a special interest in the state of New Jersey.

*

Collection of Delinquent Real Estate Taxes in Virginia Cities. Municipal Reference Bureau. Richmond, League of Virginia Municipalities, 1933. 14 pp. mimeo. Fifteen cents.

This report, No. 134, continues the study of real estate taxes in Virginia by describing the methods employed by various municipalities in collecting delinquent taxes. The report also uses Mr. Chatters' suggested procedure for collecting delinquent taxes, and gives the 1933 state laws amending tax collection procedure. The Municipal Reference Bureau has published a series of pamphlets on tax collection, which, although each is in itself a unit, form, as a combination, a particularly useful description of procedure and results in Virginia municipalities.

County
Government
Number

NATIONAL MUNICIPAL REVIEW

OCTOBER · 1934

"The Movement" for Better County Government
• • • EDITORIAL

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• • • HOWARD P. JONES

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A Successful County Treasurer's Office
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Financial Crisis of Counties in the State of Washington
• • • JOSEPH P. HARRIS

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THE LEAGUE'S BUSINESS

Mark These Dates on Your Calendar.—The annual meeting of the National Municipal League will be held this year in Pittsburgh, November 26 and 27. An interesting program has been arranged dealing with the immediate problems in the field of local government. One of the features of the meeting will be a session devoted to "Federal Aid to the Cities." A copy of the program will be sent to every member of the National Municipal League within a few weeks, but meanwhile "reserve the dates!" It will be a stirring meeting and one you will not want to miss.

* * *

Nominating Committee Appointed.—President Seasongood has appointed the following nominating committee to prepare recommendations for the convention this year: William E. Mosher, chairman, William P. Lovett, Henry L. Shattuck, Hon. John G. Winant, and Mrs. F. Louis Slade. The report of the nominating committee will be published on this page in the November issue.

* * *

The Cincinnati Plan of Citizen Organization for Political Activity.—The Problem of arousing and maintaining citizen interest in honest, efficient, and effective government is the crux of the larger problem of making democracy succeed. During the month the League published the report of its committee on Citizens' Charter Organization which outlines the "Cincinnati Plan of Citizen Organization for Political Activity." Of all the large cities in the country, Cincinnati is the only one to have solved the problem of maintaining good government for any length of time. The report of the committee tells the story of this organization of citizens in Cincinnati which has been on the alert ever since Cincinnati adopted the manager plan. All sustaining members of the National Municipal League will receive copies of the committee's report. All others interested may obtain copies for 35 cents from the League's office.

* * *

New Edition of the Story of the City Manager Plan.—A revised edition of the campaign pamphlet, the "Story of the City Manager Plan," familiar to most members of the National Municipal League, has just come from the press. A limited number of sample copies of this new edition are available for free distribution for educational purposes. Members who wish a copy of the pamphlet for themselves or for any of their friends are urged to write to the secretariat as soon as possible.

* * *

New Radio Program.—"Trends in Government," the ninth series of programs in YOU AND YOUR GOVERNMENT broadcasts, is now on the air every Tuesday evening from 7:30 to 7:45 eastern standard time. Coming programs are listed below:

October 9—"European Local Government." Charles E. Merriam, University of Chicago.

October 16—"Putting Cities on a Cash Basis." L. P. Mansfield, Supervisor, Bond Dept., Prudential Insurance Company of America.

October 23—"Local Government from the Ground Up." John M. Gaus, University of Wisconsin.

October 30—"American Municipal Leagues." Harold D. Smith, President, American Municipal Association.

November 6—"New Rights for Old." James T. Young, University of Pennsylvania.

November 13—"Regionalism and Local Government." Phillips Bradley, Amherst College.

HOWARD P. JONES, *Secretary*

Editorial Comment
◆
October

NATIONAL MUNICIPAL REVIEW

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Introduction

The increasing importance of county government in the United States is becoming more widely recognized; and along with this there is a growing appreciation of the problems to be faced and the need for important changes in the machinery of government. The National Municipal League and the National Municipal Review have for some years taken an active and leading part in this movement. In 1930 a committee of the League prepared and published the draft of a bill to establish the county manager form of government. Following this an enlarged committee on county government has been making further studies and has published a series of reports and recommendations on constitutional restrictions on county government, a recommended plan of county organization, and proposals on township government. The Review has devoted one of its issues (August 1932) to a special number on county government. The present issue is a continuation of the policy established by these precedents. As is demonstrated herein, some progress is being made towards better conditions. But much more needs to be done if counties are to continue and to develop as an effective agency of government in the United States.

John A. Fairlie, *Chairman,*
Committee on
County Government

"The Movement" for Better County Government

It is inconceivable that any other magazine that this or any other institution but ours would devote an issue to the subject of county government. It is peculiarly our job and one of the justifications for our existence. No other national civic organization has either the interest to get up such an issue, the resources to tap for it, or the subscribers who would read it. The League has other jobs too but in the other work it has allies; in county government ours is a lonely lance.

In this crusade we attack with our technical sapping operations the most stubborn citadel of political bossism. For in your state, I think, as in mine, the county is the unit of the political machine outside of the great cities. The national parties are loose federations of state machines. The state machines are federations of county machines; the state boss is a county leader whose elevation is a mere chairmanship among equals. The county leaders may make or break the state chairman at will; the chairman on the other hand can rarely do anything to upset a county leader for the latter sits serene for decades, careless of the outside world of policies and politics, paying his satellites with county and township patronage for their work in mustering the regulars at the polls. Within the county, cities and villages may have vivid reform movements but the latter do not spread to county or state; the party regulars in the small cities and villages salute the county boss and rarely assert themselves against him.

* * *

The rareness of an attack upon the county boss is doubtless attributable to the obscurity and complexity of county government. Responsibility in the county structure is so vague and scattered that voters in their fitful rebellions cannot find fair targets; the character of the county's work is inconspicuous by nature; the trail is easily confused. A little scandal in office in a compact village is near at home and social disfavor for the culprit and his political sponsors is quickly mustered; a similar scandal in a county can be dealt with politically only by seeking coöperation with distant strangers in other neighborhoods and the occasion has to be pretty important to provoke all that effort. And so the county boss, his machine, his grip on the clumsy mechanism of democracy go on unmolested.

So the governor gets nominated if a collection of county bosses find him acceptable and they promise and deliver convention delegates or primary majorities; the legislative delegation can be "reached" through the county boss who sends telegrams to the capitol all through the session; the elective local judges are all but appointees of the county boss; the leaders in the villages and towns take orders from the county boss on everything outside their local bailiwicks.

The county machine is an incessant menace to progressivism in the city manager towns within the county boundaries. Dayton with nonpartisan administrations continued now through eleven successive elections under the city manager plan is not safe so long as a courthouse gang across the street from the city hall maintains its political mercenaries on county patronage and hungrily eyes the municipal appointments. We see now in Ohio the first hopeful efforts of such cities to extend their victories for nonpartisanship to the county as a measure of self-protection.

* * *

The Charter party in Cincinnati captures Hamilton County and other cities take action under the county home rule amendment to destroy the labyrinth of irresponsibility which we call county government and substitute a modern and simple instrument of democracy that needs no boss to manage it.

So now our slow and patient technical attack which began about 1912 begins to show; cracks appear in the ancient citadel. There are county managers in a few spots and more to come. Evidence of good specific performances in progressive counties ought to be coming along soon—that's something the public outside our ranks will be quick to notice, whereupon our "movement" can begin really to move!

Richard S. Childs

Robert Fulton Cutting, 1852-1934

R. Fulton Cutting, founder of the New York Bureau of Municipal Research and except for a brief period chairman of that institution and its successor, the Institute of Public Administration, can truly be said to have been one of New York City's "first citizens." By his death on September 21 at his summer home at Tuxedo Park, the cause of better local government lost one of its most effective leaders.

* * *

For nearly half a century Mr. Cutting was closely associated with social, political and educational and religious movements in New York City. A lineal descendant of Robert Fulton, he came of a wealthy family, and the substantial fortune he inherited and increased through his own efforts he used generously in supporting the various movements in which he was interested. He helped organize the old Citizens' Union and was president of that organization from 1897 until 1909. In 1905, mainly through his efforts, the New York Bureau of Municipal Research was founded, one of its early reports resulting in a suit for libel against Mr. Cutting brought by Borough President Ahearn of Manhattan. Records of the investigation when placed before Governor Hughes resulted in the removal of President Ahearn for official incompetency. Mr. Cutting played an important part in the formation of the Citizens' Budget Commission two years ago. Although offered the nomination for mayor in 1901, he preferred private life and urged his friend Seth Low upon the fusion group.

* * *

Although Mr. Cutting wielded his influence unobtrusively and principally in the City of New York, his courageous and intelligent approach to governmental and social problems bore fruit throughout the entire nation. In 1928 he sent a letter to chairmen of bureaus of municipal research throughout the country asking them what had been the accomplishments of government research in their communities. The replies were published in a pamphlet entitled "The Credentials of Governmental Research," in the foreword of which Mr. Cutting wrote: "In the short span of twenty-two years the governmental research movement has achieved a footing in the United States and Canada so firm and broad that it must be regarded in scores of communities as an established agency of democracy—a part of the living constitution."

* * *

Mr. Cutting had been since 1910 a constant contributor and supporter of the National Municipal League and was a frequent and active participator in its annual conferences. His death removes from the sphere of local governmental reform one of its most effective champions, but the effects of his passion for providing the citizen with all the facts and furthering the adoption of efficient governmental methods will long be felt wherever men strive to improve the agencies of government.

Progress In County Government: A Bird's Eye View

'Dark continent" yields to onslaught of aroused taxpayers; county manager plan "makes good"

HOWARD P. JONES *Secretary, National Municipal League*

It is something to have reached the stage when discussion of *progress* in county government no longer sounds ridiculous. After all, it is only two years ago when there was not a single county in the United States with a thorough-going manager plan of government. It is only two years since those interested in improvement in county government had to talk in terms of objectives and aims rather than in terms of achievement. True, a few experiments had been made that could be brought forward as slim indication of what might be done, but that was all.[1]

Other writers in this issue will supply detailed analyses of the present situation and achievement in the various fields that has been made so far. Suffice it here to present a summary of the developments and trends.

Most important of all, of course, is the increased citizen interest in public affairs resulting generally from the depression and specifically from the desire to reduce taxes. It has taken time for this interest to penetrate the fog of county government and a powerful pressure of public opinion and active citizen organization to dispel the fog in even a few areas. If this interest continues, much may be expected.

In those countries run by dictators, they laugh at our spasmodic and awkward efforts to bring about improvement in the operation of the public business. "Why do you wait for local action?" a complacent German asked the writer this summer. "If local government in America needs to be reorganized, why don't you go ahead and reorganize it? Why doesn't your Congress pass a law that will do the whole job at once? Or give some intelligent and qualified leader the power to do it?"

CITIZEN ORGANIZATION ESSENTIAL

In asking which questions, of course, he put his finger upon one of the chief problems of democracy—how to get quick action, how to get efficiency of operation, without at the same time losing control over those who make the decisions and carry them out. In America nothing can be accomplished without citizen interest. Organization follows interest, action follows organization, and gradually, slowly, cumbersomely, and bunglingly if you will, the bit of leaven leavens the whole lump: or at least such is the hope. If not, well, democracy will have failed to become efficient and if it fails to become at least reasonably efficient, it will fail to survive, in the form in which we know it.

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[1] See special county government number of the National Municipal Review, August, 1932. The title of the author's article in that issue, "Unrest in County Government," gives a clue to the situation at that time as contrasted with today.

But the signs are auspicious. There is a definite trend toward centralization of responsibility in county government. The county manager plan is no longer on trial. Six counties in three states are now operating under a form of government with a single responsible executive. These counties are as follows: Sacramento and San Mateo Counties, California; Albemarle, Arlington, and Henrico Counties, Virginia; and Durham County, North Carolina. Sufficient experience has been assembled by other writers in this issue to warrant the conclusion that county manager government has "made good". In addition, the fact that there are movements in ten counties in eight states to adopt the manager plan, and campaigns in various stages in eleven other states to obtain laws which will permit a county to adopt the manager plan, seems to warrant the prediction that the county manager plan will rival the city manager plan in popularity within a few years. More than a dozen other counties are taking steps to reorganize their governmental set-up. In Ohio alone eight counties will vote this November on the question of creating charter commissions to frame home rule charters under the recently adopted constitutional amendment. It is almost certain that a number of these will provide for a manager type of government.

The records of cities and counties are startlingly similar although county political machines are even more difficult to blast loose than city machines. In those counties which have taken the step, however, as in cities with the manager plan, improved service and lower costs have been uniformly the rule. To such examples, less fortunate counties cannot fail to respond.

MUCH TALK AND LITTLE ACTION

Consolidation of counties seems a quick and obvious way to lower costs of rural governmental administration. It is apparent to anyone who gives the subject even the most casual attention. This probably accounts for the fact that there is more talk of county mergers than of any other reform in the local governmental field: more talk and less action. In the last two years movements for county consolidation on a local or statewide basis—more or less serious—have sprung up in at least thirty-four states. As is pointed out elsewhere in this issue, the future of county consolidation is difficult to predict. It should be emphasized, however, that the *results* which flow from county consolidation may be achieved in other ways. If resistance to county consolidation be too great, then transfer of county functions to the state or to other units of government, or joint administration of certain functions by two or more counties seems inevitable. This will probably be accompanied by the creation of additional *ad hoc* authorities—a development to be deplored unless accompanied by recasting of governmental machinery since it leads to increasing complexity of governmental organization. At this stage, it would be too bad to find a remedy worse than the disease. Inadequate as our present local governmental administration may be, there always exists the *opportunity* for control by the public when authorities go too far.

Here and there throughout the country important steps have been taken during the last year by legislatures. Kentucky passed five county reorganization bills, perhaps most important among them a mandatory county budget law. The New York State legislature at its regular session in the spring passed a bill permitting any county outside New York City to draft and adopt a charter for its own government. The special session of the New York legislature this summer passed a joint resolution in behalf of a constitutional amendment which would permit thorough-going reorganization of county government, including transfer of functions from one unit of local government to another and abolition of unnecessary units. This resolution must, of course, be repassed by the next legislature and then be submitted to popular vote before it becomes law. In Nebraska the legislature passed a county manager enabling act and a vigorous campaign is being waged for adoption of the manager plan in Douglas County which county includes the city of Omaha. In Virginia the legislature abolished the fee system for local officers—a much needed reform in local rural government.

COMMISSIONS HARD AT WORK

A number of states have commissions studying the problems of reorganization of county government. These include Connecticut, Illinois, Indiana, New York, North Carolina, and Ohio. In other states commissions have already reported—among the recent reports was that of the Michigan Commission of Inquiry Into County, Township and School District Government which came out strongly for complete reorganization of county government and the establishment of the manager plan. Michigan at the approaching November election will vote on a constitutional amendment providing for county home rule. Texas, which adopted a similar constitutional amendment a year ago, will vote this year on a constitutional amendment that will permit the legislature to consolidate counties with certain specified limitations. Florida this fall will vote on a constitutional amendment to permit the consolidation of Duval County with the city of Jacksonville.

Meanwhile, the assumption of county functions by the state of Virginia and North Carolina seems to have justified itself on the grounds of efficiency without so far raising havoc with what we so blithely refer to as "home rule," forgetting that "home" is a mixed emotional and intellectual conception and that its boundaries fluctuate with the emotional and intellectual breadth of the individual.

THE EXPERT CARRIES ON

One of the interesting and hopeful aspects of the whole local governmental situation is that the assault of the expert on the strongholds of the unqualified and political is a continuous one. County organization in a given locality may have rested unchanged since Colonial times but county administrative problems, particularly in the larger counties, have become complex and technical, and expert knowledge is required for their solution. Thus we find during the last few years over the country generally a continually if slowly rising level of administrative efficiency in these larger counties. This of itself creates additional resistance to political appointments and patronage. The professional and the political points of view are like oil and water: they will not mix. And the more emphasis that can be laid upon getting the professional—the man who knows his job—into public service, the better, whether this comes through legal requirements, organization requirements, or simply the demands of the functional problem itself.

It is all too easy to be pessimistic about progress in county government. But if the clock be turned back even so short a time as four years, a significant contrast is supplied. At that time nobody was interested in the subject except a handful of political scientists and one or two crusading newspaper editors. Today it's as common a topic of conversation as the next European war and almost as exciting. The lone reformer is now a general at the head of his troops. And the campaign promises much.

The County Manager Plan Proves Itself

Reports from California, Virginia, and North Carolina, where the plan is in actual operation

EDWIN A. COTTRELL — *Stanford University*
GEORGE W. SPICER — *Chairman, Virginia Commission on County Government*
ROBERT S. RANKIN — *Duke University*

CALIFORNIA

ONE need not be a confirmed optimist to see great improvement in operating technique and citizen morale in San Mateo and Sacramento counties. Despite the fact that the charters providing for a county executive will not be in full force until January 1935, after eighteen months of operation, there are undeniable signs of great progress over the old conditions. Both charters began operation in July 1933 with a full set of elective officers under the old constitutional and statutory provisions. In August 1934 the first election was held, a nonpartisan primary, to nominate officers for the first time under the charter. At this time the names and positions of several officials disappeared from the ballot and became subject to appointment.

Results of new charters are too frequently expected to be measured in terms of dollars saved. A case for saving might be made with substantial accuracy in both of these counties. The reader will not be interested in the details of adjustments between previous or present budget figures and the necessary juggling and differentials due to CWA and SERA funds and the new division of the gasoline tax. The transition period between the initiation and full operation of the charter is naturally one which would show an additional burden of expenditure. However, the centralization of service in the engineer, director of health and welfare, and controller or auditor showed substantial savings in unit and comparative costs of operation. Other conditions should be examined before drawing conclusions. Fiscal difficulties, country-wide in operation, a new state tax system with a dislocation of the property tax, introduction of a state retail sales tax, a 5 per cent limitation upon all budget increases of every form of government, the use of federal money for welfare and unemployment work, the adjustment of salaries under both the economic conditions and new charter provisions, all play an important part in the uncertainty and difficulty of painting an accurate picture of results to date.

In San Mateo other and more serious matters complicated the situation. Before the date of effect of the new charter, one of the superior court judges, who was named to sit on the qualification board to pass upon the applications for county executive, carried a writ to the supreme court to test his eligibility to serve in other than a judicial capacity. The court upheld his contention that he would disqualify himself as a judge under the constitution if he served on this board. With the declaring of this opinion, the board of supervisors proceeded to appoint a county executive without the formality of advertisement or serious deliberation. There were about twenty or more applicants who had filed credentials with the county clerk. The board appointed to the position Mr. Walter T. Kellogg, formerly a district manager of the Pacific Gas and Electric Company. A citizen's suit was filed to test the validity of this appointment. The charter provides that an appointee to any office shall not be connected in any manner with a firm or corporation doing business under a franchise or contract of the county. After some delay in court procedure of filing an answer, this action was dropped. It had been shown that Mr. Kellogg had resigned from the corporation employ before he had accepted appointment with the county.

Another suit was brought to test the charter provision centering all road work in the county engineer. This suit concerned seventeen counties of the state, several, including Los Angeles, appearing as *amicus curiae* at the hearing in October. In substance the individual supervisors have been road commissioners of their respective districts. Political power was thus taken from them by the centralization procedure. The supreme court some months later upheld the charter provision for a county engineer and the transfer and centralization of all road matters in his department. During the period of some six months both the supervisors and the engineer carried on road work jointly. Naturally, this decision cleared up a question which had been resting under suspicion for many years and opened the way for more counties to accomplish the same result. Some disturbance between the board of supervisors and the director of health and welfare, appointed by the county executive, over the matter and manner of his appointments, caused a minor ripple of discontent and mild amusement. Friction appeared between some of the officers who came under the executive for supervisory control. None of this, in either county, was any more than was to be expected in the general readjustments of the transition period. The political and personal antagonisms are generally disappearing. The current election period shows a settling process which augurs well for a full and satisfactory coöperation under charter provisions and intent.

Sacramento has been quiet and apparently contented under its new arrangement. The board of supervisors appointed the incumbent county surveyor, Mr. Charles W. Deterding, Jr., to the position of county executive. The transition was smooth at first and the full force of the new plan would not be felt until this present election when only four positions in the administrative service were to be filled by ballot. Indications are that, despite the hold-over officers, especially the board of supervisors, greatly reduced in salary, and some lack of sufficient power in the hands of the county executive to bring about proper coöperation, the Sacramento charter is working with much satisfaction to the citizens of that county. Here, no doubt, the ability and earnestness of the county executive to bring about proper recognition of charter provisions and a smooth operation of county business is to be commended and encouraged.

MORE CENTRAL CONTROL NEEDED

In both counties there are some indications that more agencies should have been brought under central control. This was attempted in the Santa

Clara charter which was defeated in February. Both counties have per capita assessed valuations and expenditures on the lower side of the range of all the counties of the state. Fixed charges are heavy and have been increased by a court decision holding cities and counties responsible for delinquencies and defaults in the collection of special assessments of districts within their jurisdictions. Matching money for SERA grants, to be pledged against future gasoline tax allocations, has disrupted budget and work programs for years to come. Citizen interest, county-wide in view, has been firmly and actively behind proper observation of charter provisions. Officials have, in the main, dealt with changing fiscal and structural problems in a sympathetic and successful manner. There is no doubt that both counties have benefited by the presence of a central executive who could visualize and coördinate relative needs of scattered departments. The two most wasteful influences in county government, sectionalism in expenditure and patronage, have been largely overcome. There are indications in both counties that demands will be made for some form of merit system to give the executive a firmer hand over charter provisions prohibiting employee participation in political campaigns. The centralization of fiscal, works, and health and welfare administration has demonstrated its value even under the transition conditions. There are still too many elective officers in both charters. Only experience and experimentation will lead to changes in this respect. Conflict between the fiscal officers and executive over estimated revenues upon which to base a budget program has led to unsettled conditions in the latter part of the fiscal period. Savings in road work are found but might be larger if some feeling of coöperation between the engineer and supervisors could be established in the budget program. San Mateo has now elected its board on a county-wide basis. This, we hope, will tend, in part at least, to break down district thinking in road appropriations.

Both of these charters follow the essentials of the plan proposed by the Committee on County Government of the National Municipal League. Both have passed through the transition period, one after many legal vicissitudes, and each with the usual financial uncertainties of such a period. These charters are here to stay and have led to increased favorable attention and discussion in other parts of the state. Neither has promised or even approached Utopia. No one expects exceptional results with the short time of operation or hold-over officers. They are pioneering and unique in this section of the country, yet presenting a type of structural and functional governmental operation with which we are familiar in many cities of our state. California is accustomed to experiments. Home rule for cities and counties since 1912 has given us the opportunity to try many plans. No two chartered cities or counties are alike and yet all face their individual problems with differing structures and laws which end in somewhat similar results. A gradual drift of county functions has set in toward state central control. Metropolitan areas are facing the necessity of simplification of the excessive number of governmental units within their natural borders. Sacramento remains an urban-rural county, typical of many in this state. San Mateo faces pressure from San Francisco for consolidation. This county was originally a part of San Francisco until the formation of the consolidated city and county of San Francisco in 1856. San Francisco is one of the largest taxpayers in San Mateo County. The equalizing and storage reservoirs of the water supply of San Francisco are located largely in San Mateo. San Francisco has just completed a large modern jail in San Mateo. San Francisco has contributed large sums of gasoline tax money to the construction of four broad highways in San Mateo for convenient movement of traffic between the counties. San Mateo is one of the principal "bedroom" areas of its larger neighbor. The success or failure of the home rule county executive plan will determine very largely the speed with which a consolidation movement will progress. At the moment, there is a decided regression in the proposal. One would not attribute this entirely to the new plan. Economic disturbances doubtless play a part. However, one years of operation of these charters in San Mateo and Sacramento show conclusively that no mistake has been made in their adoption and trial and only a few in their conception and plan. Experience and teaching have overcome the most pessimistic opponent. A spread of the plan is inevitable in this state in the very near future.

The optimist has observed and written. Perhaps one needs to be an optimist to find any improvement in modern local government. Such is the story and it is bright. The future alone will disprove this view.

Edwin A. Cottrell

VIRGINIA

Experience has now come to the aid of abstract argument in establishing the soundness and workability of the manager plan of government for counties. In Virginia three counties in widely scattered sections of the state have given trial to this plan of government. In Arlington the plan has been in effect for more than two years and in Albemarle and Henrico for six months.

Before considering the experience of these three plans it will be well to point out briefly the differences between them. The Arlington system, provided under an act which by its terms excluded all other counties of the state, might well be termed a partial or limited county manager plan. It leaves untouched the major elective officers of the county, such as treasurer, commissioner of the revenue, clerk, sheriff, and commonwealth's attorney. Neither the manager nor the board of supervisors has any effective control over these officers. It is apparent that, except for the provision of a manager, there has been little if any change in the administrative structure of this county.

In Albemarle and Henrico the county executive form and the county manager form respectively are in effect, as provided under a general optional forms act passed in 1932 and applicable to any county in the state conforming to its terms, except Arlington. The county executive plan was briefly described by the writer in the July 1933 issue of the Review. Suffice it here then to point out the major differences between the two optional plans. These differences are two in number, and have to do with appointment and compensation of certain officers and employees of the county. Under the manager plan the manager appoints most of the administrative officers of the county and fixes the compensation, subject to approval by the board of supervisors, of all those appointed by him. Under the executive plan the board of supervisors appoints, upon the recommendation of the executive, all officers of the county except the clerk, sheriff, and commonwealth's attorney who remain elective under both plans; and fixes the compensation of all officers and employees of the county, including the three elective officers. In short, both of these plans provide for the appointment of all county officers in the administrative service of the county except the three named; both plans place all county officers and employees on a salary to be fixed either by the board of supervisors or by the manager with the approval of the board and, therefore, effect a complete abolition of the fee system as a method of compensation; both plans provide the board of supervisors with a responsible executive agent having the power and the responsibility for the efficient administration of all the administrative activities of the county which the board has authority to control.

OPERATION OF THE PLAN IN ARLINGTON

The new plan of government in each of the counties above encountered serious obstacles in getting under way. In Arlington a few weeks after the manager plan became effective serious shortages in old accounts of several officers were discovered. In the office of treasurer alone there was a shortage of $571,000. Other shortages added approximately $100,000 to this figure. These shortages amounted to more than two thirds of the annual budget of the county. The county recovered $350,000 of the larger shortage, and within a few months was able to pay off its floating indebtedness, to pay all accounts, and to re-establish the sinking fund up to its normal level. There has been a general toning up of administrative procedure under the manager plan as shown, for example, in the installation of a very efficient accounting system by virtue of which detailed information relative to the financial affairs of the county is available to any citizen at any time, in the establishment of an orderly system of financial planning through the executive budget, in the establishment of a general county-wide tax levy in the place of the former special and district levies, and in the general coördination of the various departments under the control of the county board into a more coöperative system, thus eliminating the overlapping of governmental agencies in many places.

The tax rate of the county for all services has been reduced from 10 to 17 per cent. The budget has been decreased each year with no serious curtailment of services to the people. On the contrary many services have been expanded and improved.

The economies and improvements in governmental services which have been effected in Arlington within the past two and a half years are apparently due more largely to efficient methods of administrative procedure under the direction of a capable manager than to a general reorganization of the administrative structure of the county in accordance with managerial principles. In fact there has been no general reorganization in this county. County officers named in the constitution of the state, excepting the board of supervisors, remain untouched, although an amendment to the constitution gives full authority to the legislature to abolish any and all existing offices and to set up a completely different system of county government, subject to approval by a majority of the people voting thereon in any county. It is unfortunate that Arlington was excepted from the general optional forms act passed in 1932. No county in the state could show better results under a thorough-going manager plan than Arlington.

SIX MONTHS OF MANAGER GOVERNMENT IN HENRICO AND ALBEMARLE

Although the new forms of government became legally effective in Henrico and Albemarle on January 1, 1934, the refusal of the old board of supervisors in the former county and of the treasurer in the latter to surrender and vacate their offices necessitated court action which postponed the actual operation of the plans until the middle of

March. In spite of these early handicaps, however, substantial improvements have already been effected in both counties.

In Henrico a reduction of 26 per cent in the general county levy was provided in the new budget. This reduction was made possible through the reorganization. Adequate provision has been made for caring for the previously incurred indebtedness of the county, which the old administration seems not to have worried about. This, of course, necessitated an increase in several of the debt levies. A school term of nine months has been provided for the 1934-35 session instead of an eight-months term provided by the previous administration for 1933-34.

In the department of finance, which took over the duties of the former offices of treasurer and commissioner of the revenue and in addition the purchase and distribution of supplies and the supervision of accounts, more efficient service at less cost than under the old system has been realized. The director of finance was appointed at a salary of less than one-fourth that of the former treasurer and commissioner of the revenue. Four deputy treasurers, or tax collectors, have been dispensed with and a series of letters has been found very successful in the collection of delinquent taxes. Centralized purchasing covering supplies and equipment used by all departments, including the school system, has been installed. Cash discounts are being taken on purchases of materials, and more than $100,000 in surplus cash has been placed on interest in Richmond banks. This salutary change permits the school board, which is now appointed by and directly responsible to the board of supervisors, to devote its attention to the educational problems of the county rather than to coal bills, insurance policies, and other material problems.

In the department of public works the four district road forces have been abolished and a county unit system adopted. This change has made possible a reduction in the number of road superintendents and a more efficient operation of road equipment as well as a more coördinated road program. It should be stated in this connection that Henrico is one of three counties of the state continuing to build and maintain their roads. The state has taken over all roads in the other ninety-seven counties. Expansion and improvement in other public works activities are under way.

In the department of law enforcement the police force has been reorganized under the direction and control of the sheriff. Nine police cars are being equipped with radio, operating in coöperation with a new short-wave station installed by the city of Richmond which adjoins the county.

Health administration in the county has been expanded and improved. Two additional trained nurses have been added to the staff, thus giving more careful supervision of cases of communicable diseases.

Thus all along the line service has been expanded or improved, with no increase in the aggregate expenditures of the county.

In Albemarle, a rural county, similar economies and improvements in governmental services have been put into effect. A reduction of 40 per cent in the cost of handling the financial department alone has been accomplished by the abolition of the offices of treasurer and commissioner of the revenue and the consolidation of the functions thereof in a department of finance under the direction of the county executive. It should be noted that this saving includes the salary of the county executive who also serves as director of finance. The greatest benefit derived from this change, however, is not to be found in the economy involved but in the greater efficiency with which the financial affairs of the county are being administered. For example, a comparison of delinquent tax collections for August, 1933, with collections for August, 1934, shows that a series of tax collection letters sent out by the county executive in the latter month was 25 per cent more effective than the treasurer's deputies in the same month of the preceding year.

A saving of approximately 30 per cent in the department of records under the direction of the clerk will be realized this year with no drawback to the usual efficiency of this department.

Next to the department of finance probably the greatest improvement in service has taken place in the office of sheriff in the department of law enforcement. This improvement is attributed to the fact that the sheriff and his deputies, including the jailer, have been placed on definite salaries fixed by the county board of supervisors. Hence, the performance of each duty has been divorced from any thought of the amount of the fee resulting therefrom.

In general, improvements in administrative procedure and in positive governmental services have been noted in Albemarle, and these things have been accomplished with a reduction of approximately 30 per cent in general county administration, which does not include schools.

In each of the three counties here considered there is observed a revival of popular interest in local government. The people have confidence in the new system of government not only because it is more efficient, but also because they realize that they now have a means of holding the local governmental authorities definitely responsible for the success or failure of their government.

George W. Spicer

DURHAM COUNTY, N. C.

North Carolina in its attempt to improve county government received nation-wide attention a few years ago by making it possible for the counties within the state to adopt the county manager form of government. Now, after seven years, it is high time that an account be made of the results obtained in a county using this system of government.

The county manager form of government was adopted by Durham County August 18, 1930—a time when the county was in very serious financial straits. Prior to this date no centralized control existed over county finances and the resulting inefficiency was rapidly leading to serious financial difficulties. Each year the county would go further into debt and would find it necessary to borrow from $250,000 to $500,000 annually in anticipation of taxes. These taxes in many cases were later found to be nearly impossible to collect. In 1930 the county was also faced with an operating deficit of over $33,000, a floating indebtedness of $533,000, in addition to a bonded debt of $1,795,000. To make matters worse, a shortage was discovered in the sheriff's office of nearly $200,000. All in all, the county was in debt $2,328,000. The future held nothing in store for the depression was getting well under way, credit was hard to maintain with the banks, and the collection of taxes was becoming more and more difficult.

When the financial position of Durham County is studied today, it is hard to recognize this county as the one that in 1930 was in such dire financial straits. Today the county's total indebtedness has been reduced to $1,929,-

000. The remaining indebtedness is only 2 per cent of its assessed property value. The county never went into default, although sixty of the one hundred North Carolina counties have defaulted. Durham County is operating well within its budget and expects to close the present year with an operating surplus as it has done for the last three years. Its bonds today are selling at a premium. Yet during this period not a single foreclosure was made on any piece of property within the county. All this has taken place during the depression when property values declined rapidly, when banks in the county were closing, and when a majority of the counties were finding it impossible to carry on financially.

The excellent showing of Durham County may be attributed to two things. First, rigid state supervision although the other counties within the state have had exactly the same supervision. Second, a county government that has worked efficiently and well, with cooperation between the different departments and with a sound financial policy and close supervision. After the appointment of D. W. Newsom as county manager in 1930, the first thing that was done was a complete overhauling of the entire financial machinery of the county. Each department was placed under rigid budgetary control and a modern system of accounting was installed. Through the daily supervision of revenue and expenditures, through the inclusion in the budget of an adequate amount for emergencies and failure to collect taxes, along with economical buying, better tax collecting, and profitable commercial discounts, the county has not only met all operating expenses but during the last four years has paid $700,000 in principal and interest requirements.

It might be asked what services have been discontinued in Durham County in order to account for this excellent showing. No services have been discontinued by the county except those which have been taken over by the state. No new bond issue has been made for additional projects, but all county property has been kept in good repair. Considerable improvements have been made at the county home, in the courthouse, and much new equipment has been purchased. The salaries have all been paid, although a 10 per cent reduction was made in the salaries of all appointive officers—the elective officials continue to receive the same salaries. New officials have been added as delinquent tax collector, a tax collector, an electrical inspector, and a fire and game warden. It may, therefore, be concluded that no necessary governmental service has been discontinued, but, on the contrary, several new services have been inaugurated. It is true that the upkeep of the roads and most of the expense of running the schools have been taken over by the state. This action has been taken with respect to all counties, yet the accompanying table shows that Durham County is the only county in the

County	Assessed Property Value 1932	Tax Rate 1932-33	1932 Tax	Assessed Property Value 1933	Tax Rate 1933-34	1933 Tax	Saving to the Taxpayer
Forsythe	$1,000	.50	$5.00	$760	.50	$3.80	$1.20
Guilford	1,000	.666	6.66	780	.64	4.99	1.67
Wake	1,000	.88	8.80	800	.88	7.04	1.76
Mecklenburg	1,000	.55	5.50	650	.60	3.90	1.60
New Hanover	1,000	.774	7.74	900	.75	6.75	.99
Gaston	1,000	.53	5.30	760	.51	3.88	1.42
Orange	1,000	.80	8.00	785	.87	6.83	1.17
Durham	1,000	.80	8.00	840	.54	4.54	3.46

first group of counties in the state that has made the tax load appreciably lighter upon the taxpayer. The operating expenses of the county, excluding the road and school funds, and bond service, have dropped 32 per cent during the same period.

The account above shows that Durham County is being run in a businesslike fashion and that the new system of government, when compared to the old system that was formerly used, is immeasurably better. Let us now compare the condition of Durham County with the other large counties of the state and see what the taxpayer of Durham County has gained by this efficient government. In the first place, it must be remembered that sixty of the one hundred counties of North Carolina have defaulted either in interest or principal payments on their serial bonds. In some instances it has been only for a small amount, while in other cases the default has been very large. The accompanying table is a comparison of Durham County with the wealthier and the neighboring counties of the state. None of the counties in this table has defaulted in any way and none of them uses the county manager form of government. It will be seen that Durham County has been able to capitalize upon the state's assumption of the upkeep of roads and schools more than any other county and that the taxpayer in Durham County has received relief not given to the taxpayer in other counties.

In the table above let us assume that a certain taxpayer was the owner of land in the eight counties, and that the assessed value of his property in 1932 was $1000 in each of the counties. Knowing the tax rate in each county, the amount of his 1932 tax is easily determined. In 1933, however, the assessed value of property in each of these counties was reduced and the tax rate was in most cases also lowered. This reduction was made possible by the state taking over the upkeep of the highways and most of the expense of running the schools. As a result, the taxpayer paid less money in taxes in each of these counties in 1933 than he did in 1932. The amount saved varied by county, but it is found that Durham County was the one in the list that gave to the taxpayer real relief. In Durham County the taxpayer found his taxes were reduced $3.46, while the nearest county to Durham in the amount of savings to the taxpayer was the neighboring county of Wake with $1.76, a difference in favor of Durham of $1.70. The amount of money saved in Durham County was more than twice the amount of the average saving in the seven other counties. Efficiency in county government depends upon a number of different factors and the success of a particular form of government is hard to determine. The facts above show the results of successful government. True, the county commissioners and the county manager have made mistakes; true, there are persons in Durham County still dissatisfied with their system of government; but results like those above which save the taxpayer money, which other counties in the same locality cannot obtain, fairly indicate the success of the present system of government in Durham County.

Robert S. Rankin

County Home Rule: Pro and Con

Presenting two sides of an important question on county government

ARTHUR W. BROMAGE — *University of Michigan*
KIRK H. PORTER — *State University of Iowa*

ADVANTAGES OF COUNTY HOME RULE

THE advantages of home rule for counties are not necessarily uniform throughout the United States. It cannot be said of any series of categorical advantages that these are the merits of home rule for the county—anything else in the constitution, laws, and traditions of a particular state to the contrary notwithstanding. Through experience we now know that municipal home rule is not a panacea. Home rule has thrown the delineation of municipal powers upon the courts wherever cities are given control over an indefinite sphere of local affairs by state constitutional mandate. Yet, it has accomplished much by restricting legislative meddling in city affairs. A substantial contribution was made to the form of municipal government. Cities experimented with types of government. The design of municipal structure was removed from legislatures and placed in the hands of local charter commissions. Local effort was spurred. Many home rule manager charters demonstrate the merit of this principle in municipal government.

County home rule, unlike municipal home rule, can hardly aim at a constitutional grant of power over an indefinite sphere of local or county affairs. As an administrative subdivision of the state the county must confine itself to powers and duties imposed upon it by the legislature. To grant counties control over an undefined range of local affairs would be to throw a burden on the courts. They would be hard put to draw the line between state and county affairs. The intricate relationship between state and county administration would be disrupted. The recent Ohio home rule amendment states that every county charter "shall provide the form of government of the county and shall determine which of its officers shall be elected and the manner of their election. It shall provide for the exercise of all powers vested in, and the performance of all duties imposed upon counties and county officers by law."[1] The county home rule principle in Texas is limited by the proviso that no charter "may inconsonantly affect the operation of the general laws of the state relating to the judicial, tax, fiscal, educational, police, highway, and health systems, or any other department of the state's superior government." Moreover, nothing in the amendment can be deemed to authorize "the adoption of a charter provision inimical to or inconsistent with the sovereignty and established public policies of this state. . . "[2] Under the constitutional amendment which the voters of Michigan will pass upon in November, any home rule plan created by a county "must provide for the exercise by appropriate officers of the county of all duties and obligations now or hereafter imposed by law on counties and county officers."[3] Home rule for counties must of necessity be home rule of a limited type.

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[1] Ohio, *Constitution,* Art. X, sec. 3.

In assessing the advantages of the limited home rule principle for counties the existing constitutional barriers are a logical first consideration. The 1932 report of Howard P. Jones to the National Municipal League committee on county government showed that the most serious barrier to change in the form of government was the large number of elective county officials prescribed by state constitutions. This analysis demonstrated that only seven states were free of this complication. In fourteen others the list of elective officers was not so great as to bar significant structural changes. In the remaining twenty-seven states, the long lists of elective county officials in state constitutions prevented changes in governmental form. Since 1932 Ohio and Texas have passed from the last to the first category, and Michigan has an opportunity to do so by popular referendum in November.

The principle of limited home rule enables individual counties to break away from existing constitutional forms. These constitutional types of county government are old-fashioned. They rest on the Jacksonian foible of electing all important county officers—administrators as well as members of county boards. No effective working relationship exists between county boards and administrative agents. They preclude the creation of a chief executive. Limited home rule for counties obviates these constitutional strictures of popular election. It allows particular counties to establish modern forms of government. These may be, for example, the manager plan, or the Virginia executive type with or without variations as their individual situations may warrant.

OPTIONAL FORMS

Constitutional amendments might overcome these constitutional barriers by authorizing state legislatures to establish optional forms of county government to become effective in any county by a local referendum. Some states have already surmounted the constitutional problem by such optional legislation. Counties, for example, may adopt the manager plan under optional laws in North Carolina, Montana, Virginia, and Nebraska. In Montana and Virginia these optional plans are based on relatively recent constitutional amendments. These allow the legislature to set up forms of county government different from that prescribed by the constitution. Such optional law plans can be drafted with a view to the general public policy of the state in problems which involve both county and state administration. Once on the statute books, these plans are always available to counties which wish to essay a new form of government. The needs of the average rural county can be met by such legislative alternatives. The probability of litigation will be lessened. Under home rule the courts may have to decide whether home rule charters do provide for the exercise by appropriate offices of all duties and obligations imposed on counties by law. This will, however, by no means impose on the courts a burden parallel to that created by the indefinite grants to cities of power over their local affairs.

The optional law system is a formidable rival to the limited home rule principle. Where a state legislature has in good faith taken advantage of existing constitutional liberality and made alternative forms of government available to counties, the home rule principle may be unnecessary. This is true in states which do not have an extreme range from rural to urban and metropolitan counties. States in which there is no system of municipal home rule may, perhaps, proceed more readily to county reorganization by the optional law method. Again, states which have found local response lacking under home rule for cities might better try first the optional law plan.

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[2] Texas, *Constitution*, Art. IX, sec. 3, par. 2.

[3] If ratified, Michigan, *Constitution*, Art. VIII, sec. 1-A.

HOME RULE ADVANTAGES

Home rule has, on the other hand, distinct advantages not found in optional legislation. It provides for and encourages local experimentation with forms of county government. Many plans of county organization have been suggested. The trial and error method is one way to find the best. Home rule permits such experimentation. In California various solutions to the problem of county organization have been tried or attempted under home rule. The San Mateo and Sacramento charters and the defeated charter of Santa Clara are evidence that home rule allows experimentation with forms of government. Only through the actual process of charter formation, adoption or rejection, successful or unsuccessful operation can appropriate organizations for counties be developed. State optional laws will provide at most several alternatives. They will tend to be uniform from state to state as legislatures copy from the model manager law and from each other. Under this system counties which are not interested in the options established have little choice. Unless they wish to campaign on a state-wide basis for an additional optional form, they must remain under existing organization.

The process of drafting, adopting, and supporting a home rule charter is a salutary experience for county electorates. It stimulates local interest more than the mere acceptance of an optional plan handed down by the legislature. Although there is a choice between home rule and optional laws, there can be no doubt as to the superiority of home rule over existing constitutional forms. When there is no possibility of change, local interest is deadened. In an age of dictators and centralization of power there is much to be said for any system which encourages local initiative in the solution of local governmental matters. There is little, if any, danger that counties will proceed at a reckless pace to frame absurd forms of government. The history of municipal home rule and the experience of California with county home rule would mitigate any such contention. Local initiative must be induced and the electorate must be educated to cast off existing forms for new types of government. The probability under normal conditions is that the people will be too hide-bound about existing county organization. They will be grounded in these beliefs by the facile and tireless arguments of office-holders.

For the state which faces the dual problem of rural counties and urban and metropolitan counties the ideal solution appears to be a combination of optional laws and limited home rule. Under these circumstances the home rule principle will serve two additional ends. It will be the big stick which the reformers can rattle to force legislative action in the creation of optional plans. Too much emphasis cannot be laid upon this point. The mere breaking down of constitutional barriers by authorization of legislative creation of alternative forms may not suffice. In a number of states the urban-rural conflict is sharp, and the rural legislator is against newfangled, urban ideas for counties. While there is no way to compel legislative passage of such alternative forms by constitutional mandate, home rule affords a solution. The legislature is much more apt to pass alternative acts, if it knows that home rule charters will come whether or not it takes action. The optional law then becomes the lesser of two evils from the legislative point of view.

The second end served by the home rule principle under these conditions is to open the door to experimentation by urban and metropolitan counties. If the optional law systems devised by the legislature do not satisfactorily meet their needs in county organization, they are free to devise their own plans. The legislature cannot thwart local action either by failure to enact alternative forms at all or by failure to enact alternative forms suitable to the more populous counties. Rehabilitation of the urban county is pressing. Often the urban county is most desirous of change. Since state legislators have often been inattentive to municipal problems, it is too much to expect that they will be zealous in the solution of the problems of the populous, urban county. The over-representation of the rural areas in urban states assures a rural legislative point of view. Home rule for counties, like home rule for cities, is, in part, an urban struggle against rural attitudes in state legislatures. In these circumstances the home rule principle has peculiar advantages. It will not make county government better but it will make better county government a possibility. It is an avenue to progress and one that should be carefully explored by all states seeking to reorganize county government, particularly those with populous counties and recalcitrant legislatures.

The interlocking directorate of state and county political machines is patent. The limited county home rule principle increases the political power of the nonpartisan, reform groups in a county. Like the direct primary, it gives them a chance to defeat the machine. If they can stir up the electorate, they can devise and possibly carry through a plan of county government superior to existing systems. In the face of political realities which lie in wait for any scheme of county reconstruction home rule is an effective weapon.

Arthur W. Bromage

COUNTY HOME RULE A MISTAKE

Simply to advocate "home rule" for counties is to be a little bit vague. One cannot very well be for or against it until he knows what is implied in the phrase. As frequently is the case with slogans that contemplate reform of government, the words imply far more than even the most enthusiastic advocates really intend. Literal self-government for counties is out of the question; but counties might be given a very much larger measure of freedom, and a broader opportunity for dealing with their own governmental problems than is now the case. And if the counties were permitted to determine in part their own governmental structure, and, to a limited extent, the functions which were to be performed and the powers enjoyed, the phrase "home rule" might be applied.

Those who advocate home rule usually contemplate a provision in state law that would permit the people of a county to frame a county charter, setting up a structure of county government that seems good to them, and providing for the activities to be carried on through the various offices and departments. The chief idea, when we once get past the generalities about letting people "govern themselves" and "adapt their government to local needs", is to prevent special legislation for counties and to relieve them of having to get permission from the legislature to do the things they want to do.

This idea is excellent. Special legislation has been a curse to local government; and the need for getting special permission to do things has held up desirable reform to a very great extent. But the trouble has been that the state has put altogether too many restrictions, limitations, and mandatory obligations upon counties. Sometimes these provisions are found in the constitution. That is very bad. But most restrictions are found scattered through the statutes.

In the first place there ought to be little or nothing in a constitution about county government. For one generation to bind a future generation with respect to matters of local government is to flout the very principles of democracy which advocates of constitutional restrictions so frequently invoke. It makes it impossible for the future generation to enjoy democracy. Constitutional provisions that fix county boundaries, that provide for offices which become as obsolete as that of "town crier" or "perambulator" (though we may be tempted to revive the ancient town office of "tester of beer"!), that fix tax rates or impose debt limitations which later become absurd, that tie the hands of legislatures in the matter of shortening the ballot, reorganizing offices, creating new departments and authorizing new activities—all these strangling limitations should be swept out of state constitutions.

Nevertheless, advocates of home rule often propose their own scheme as a constitutional amendment designed to afford escape from limitations already in the constitution. This is not the way to deal with the problem. Cut out constitutional provisions instead of adding new ones, and give the legislature a chance.

MEANING OF HOME RULE

The question would then arise as to whether or not the legislature should grant home rule to counties. And it is proper to ask: With respect to what matters might they want home rule? Would it have to do with governmental structure? Might one county want a board of supervisors of three, while a neighboring county wants forty-three? Might one county want an elected sheriff and another county not? Might one county want two-year terms and another four? Might one county want its clerical officers elected and another county want them appointed? Might one county want a separate highway department and another county want to merge highways with the broader field of public works and purchase? Might there be differences of opinion in the matter of combining the functions of public welfare and public health—all of which desires home rule provisions would accommodate?

Or is it not so much structure of government as it is matters of power and function that can be dealt with best by granting home rule? Should counties have discretion with respect to the character of highway construction and maintenance? Should counties determine their own tax rates? Should they be free to decide that they would not maintain a health service but let the state do it? Should they be individualistic in the matter of recording deeds, the assessment and collection of taxes, and the records of the clerk of court? Should one county make its sheriff accountable to its board of supervisors and another county leave him independent? Should one county absorb its schools in a county unit plan and another retain its system of tiny districts? Might there well be variations with respect to methods of doing welfare work, police work, etc.?

Of course, merely to ask many of these questions is to imply a negative answer. And perhaps it is unfair to seem to convey the impression that advocates of home rule for counties would answer yes in every case. The likelihood is that they would disagree very widely, each one opposing home rule as respects certain matters, and for much the same reasons that induce other advocates of home rule to oppose its application in other fields.

VARIATION UNNECESSARY

There is no need for wide variations in structure of county government. Even great differences in population do not necessarily call for differences in structure. A board of county commissioners of three or five is suitable for a county of ten thousand population or two hundred thousand. A treasurer's, or a recorder's office may be occupied by one man, or by a staff of fifty civil service employees. The basic structure of county government today is adaptable to a very broad range of populations. It could and should be still more so. The elimination of numerous elective offices, particularly the clerical ones, and the setting up of a few departments to correspond with certain comparable state departments would make possible a basic county structure that could readily be adapted to the needs of all counties except those having a very large metropolitan center. In these cases city-county consolidation should be effected, thus presenting problems of city government rather than county government. But if one basic structure of county government is not thought to be enough, the legislature could provide two or even three alternatives. The principle is well known in the field of city government although the arguments for it are not nearly so cogent in the field of county government. Anyway, there is no need of home rule, so far as structure is concerned, as respects the vast majority of counties.

As regards function, the need for home rule, in order to permit variation, is still less apparent. The chief functions of the county—police, prosecution, tax assessment and collection, highway construction, poor relief, public health administration, and school management—are, every one of them, activities in which the state inevitably will, and should, take an ever-growing interest and measure of control. This is no argument for state centralization of functions and authority. The point is that county highway departments, health and welfare departments, the offices that deal with police work, prosecutions, tax assessments and collections, most emphatically ought to be organized in such a way as to effect intimate coöperation with state departments of health, welfare, education, etc. The very implications of the phrase "home rule" spell variation, confusion, independence of action—everything indeed which the student of administration has been working to get away from. If home rule means anything, it means lack of uniformity, and a high degree of independence. This would obstruct a very wholesome tendency to improve the administration of county services. Home rule is quite unnecessary as respects functions of county government.

As regards power, is there need for variation? An answer that goes around the question is that governing boards in counties ought to have far more power than they now possess. There ought to be fewer limitations on their power. Then there would be fewer demands for special legislation, and incidentally much less talk about home rule. Supervisors, or commissioners, quite

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Will Counties Merge?

A changed community necessitates a new county

J. THOMAS ASKEW

University of Georgia

EVERY one will subscribe to the statement that the community, in recent years, has undergone many drastic changes. The mechanization of transportation and industry, accompanied by a rapidly changing social order, has altered, and will continue to alter, the outlook, organization, and size of the community. The city and town, in order to take advantage of the great possibilities offered a progressive community in an age of power, are painfully but nevertheless surely, reshaping aims, organization, and boundaries. The county does not remain untouched. Improvements in organization in North Carolina, Virginia, California and elsewhere bode well. But the size of the county remains unchanged, and as this condition continues the county as a unit of local government approaches obsolescence ever at a quickened pace.

The need for mergers throughout the country has grown so great that one is tempted to suggest a league for the reduction of counties. Such would be common American practice and if the usual ballyhoo could be avoided the results might be more uniformly beneficial. One thing seems certain: unless more decisive action is taken by those actively interested, in spite of apparently insuperable local sentiment, the small, weak county will continue to retard the social and economic progress of the community, and will discredit the county as a unit of local government.

Local pride, the most effective opposition to mergers, is not something to be derided; but county pride is now so local that it is likely to spell suicide. It is useless to fight for the continuation of the county if its usefulness is to be nullified. Those who believe a strong self-reliant county can best serve many needs of the community, train future statesmen, and produce an informed civic-minded citizenry have every reason to be alarmed over the "suicide" loyalty of the pauper county. High standards cannot be maintained, and state assistance for such counties is questionable if they refuse to assist themselves by combining their resources with adjoining counties. Direct state administration and control of functions, in many sections, is preferable to the continuation of many small counties and may eventually be the outcome.

The average present-day county is too small, does not conform to a trade area, does not have sufficient taxable wealth, is too expensive, and contributes nothing to the art of statecraft. All these facts apparently make convincing arguments for county mergers.

Counties of today are many times smaller than those of the past when computed in terms of time-distance. The Tennessee Taxpayers Association, for example, claims that that state could be divided into twelve counties (there are now 97) and still place 98 per cent of the people within two hours of their respective county seats.

The small rural county has slight relation to the trade area. To cite one instance: according to P. B. Lewis, solicitor of Burke county, in five closely aligned counties in Georgia, two with cities (Augusta and Savannah), the tax digests in the city counties revealed a 25 per cent increase between 1913 and 1933, and were within 90 per cent of the peak year 1920. In two of the country counties there was a loss in 1933 over 1913, and in all three country counties there was a reduction of 60 per cent or more between 1920 and 1933. The city counties increased by a ratio of five to three over the others. Merchandise on the digest (1913-1933) made a relative gain of two to one in the city counties as compared to the country counties. There is strong opposition in these country counties to mergers.

The city and large town with a variety of merchandise, recreational facilities, amusements, well equipped hospitals, etc., are overwhelming competition for the once secure little community. Wealth is concentrating in natural trade centers which contribute nothing directly in the way of taxes to the support of surrounding counties.

Look at another section of the same state. A group of eight adjoining counties, approximately 1,300 square miles, have a combined tax income of $125,000 exclusive of fees (amount unknown). There are 113 regular county officials, not including members of the school boards. Incidentally, between two of the counties, for several miles, the county line is not definitely located, and one courthouse, a few months ago, retained its upright position by leaning on a huge pine pole. All counties are in close proximity, by good state roads, to a trade center of 8,600 people, in a county with a tax income of $150,000. There are three other smaller trade centers surrounding this section, but there is slight possibility of any mergers although there is every reason to conserve financial resources. No candidate for the legislature has dared advocate a merger, but one has declared that he would resist with all the power he possessed any such attempt.

POOR SERVICE AT A HIGH RATE

The quality of county services is usually in proportion to the amount of taxes available, and the small county is frequently the most costly in spite of inferior performance. In Illinois the property tax levies in ten pairs of large and small counties with similar geographical location revealed the per capita levies, 1929, for all taxes in the small group to be $45.07 and in the large one, $41.33. For county purposes alone the small counties averaged $4.36 per capita as compared to $3.27 in the large ones. (M. H. Hunter, "Costs of Township and County Government in Illinois," pamphlet, 1933.) Poor services at high rates in small counties would seemingly make a convincing statement for mergers, but another recent Illinois study, while pointing out the advisability, states that mergers are impracticable.

The Virginia County Commission found a group of four small counties with area, population, and taxable wealth comparable to one large county. The combined operating cost of the small counties was $114,000 more than that of the one large county. Per capita cost was also higher in the small counties.

Is the incapacity of a majority of counties surprising in the face of constantly increasing demands for more and better services? Local pride, the courthouse crowd, and the county-seat merchant by forestalling mergers are forcing the state to assume local functions. They have stacked the cards against the county in a game of strip poker.

Few will contend that the county should try to perform services that only the state can adequately handle, and if the county perseveres in remaining weak it will be increasingly difficult for it to handle any modern services well.

There is little incentive for the more intelligent citizens to take an active interest in county affairs if the county has negligible work to perform. A government needs something worth while to do, and on its own initiative; it must make itself attractive and interesting to demand the attention of the best minds. Activities in the small county are so narrowed that the experience gained in administering it is of small consequence when applied to state and national affairs. The contribution of the weak county to the art of statecraft is nil. A modern democracy requires trained leaders, and a government-conscious and informed citizenry; a model county would help to supply these.

EXISTING MERGERS SUCCESSFUL

There have been only three mergers, all in urban areas. It is unfortunate that some rural section (with an adequate trade center, of course) has not tried the experiment. Some way should be devised to conserve the limited resources of the rural community. Results in the Hamilton-James (Tennessee, 1919) and the Fulton-Campbell-Milton (Georgia, 1932) mergers have exceeded all normal expectations and warrant a decided presumption in favor of mergers in general. Hundreds of American counties are nothing more than glorified townships with nothing to contribute to the welfare of the people. They could be profitably and wisely absorbed.

In spite of all the scholarly efforts of research workers it is safe to say that the apathy which was responsible for county corruption and inefficiency will not be dispelled by a compilation of statistics in behalf of county mergers. The problems involved are intricate and many immediate sacrifices by a large number of individuals for the long range public good are necessary. Any one who believes that the vested interest of the county will surrender its privileges without a more militant opposition than has been exhibited thus far, is simple indeed. Any one who believes that county mergers are certain to come should go out and talk to a few country folk. Look at the results! Mergers have been suggested in more than half the states, but to date the number of counties remains within three of the maximum.

American ingenuity and adaptability has for years made the most of a rickety county system. But even American genius has its limitations. Without some unforeseen development the future usefulness of the county as a unit of self-government and as an administrative district of the state depends upon at least three things: (1) a sane distribution of functions between the state and county; (2) reorganization of the county along accepted business lines, with authority definitely centralized; and (3) county mergers or state redistricting to eliminate the small weak county. And the last should be accomplished along with the first two.

If the county persists in remaining inefficient and in retaining its ill design it deserves no better fate than the one it is rapidly approaching. Will counties merge? Prospects look dark, but the stakes are high and worthy of more attention than they have been given.

City-County Consolidation

Another problem, the solution of which may depend on regenerating county government

THOMAS H. REED

Director, Municipal Consultant Service of the National Municipal League

THIS is a subject on which much has been said and little done. As far as the last quarter of a century is concerned, "consolidation" is like the snakes in Ireland except that no one wants snakes in Ireland and many ardently desire consolidation. During this period there have been proposals galore but so far the political influences intrenched in the courthouse have been able to thwart the efforts of reformers.

The number of authentic city-county consolidations has been and still remains very small. The mere fact that a city and a county government each operates in identical territory does not constitute consolidation of city and county government. Consolidation cannot be said to exist unless one "legislative" body and one set of administrative officers perform without duplication the functions of both city and county government.

City-county consolidation is now complete or nearly complete only in the following cities in the continental United States: (1) Baltimore, separated from Baltimore county (1851); (2) Philadelphia, consolidated with Philadelphia County (1854);[1] (3) San Francisco, erected from part of the territory of San Francisco county, the balance of the county being thereafter styled San Mateo county (1856); (4) New Orleans, partially consolidated with Orleans parish (1874); (5) St. Louis, detached with certain additions from St. Louis county (1876); and (6) Denver, separated with some added territory from Arapahoe county (1902).

In addition, all cities of over ten thousand population in Virginia are separated from the counties in which they are territorially located. The weight of opinion does not approve a separate county status for cities as small as ten thousand. In England for many years fifty thousand was regarded as the bottom limit for a county borough, and this is now generally regarded as too small in that country.

Moreover, there are a few anomalous relationships such as that between Boston and Suffolk county, where the powers of county commissioners are exercised by the city council of Boston, which city also pays the whole cost of operating the county government though three other municipalities (Chelsea, Revere, and Winthrop) are located within it. In Greater New York there are five counties, with the board of estimate and apportionment and the board of aldermen of the City of New York exercising for all of them such remnants of the powers exercised elsewhere in the state by boards of supervisors as are still necessary, but in each of which the people continue to elect the constitutional county officers. The cost of maintaining these offices has become a scandal.

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[1] For a discussion of the details and results of this consolidation, see Bureau of Municipal Research of Philadelphia, *The City and County of Philadelphia* (1923).

It is apparent from the list above that there are two ways of bringing about city-county consolidation. The first is by extending the limits and authority of the city government to embrace the whole county in which it is situated. The other is by separating the city (including perhaps some suburban territory) from the remainder of the county to form a new consolidated city and county government. The Philadelphia consolidation was of the former sort, but the area of Philadelphia county was small and was already mostly built up so that the economic and administrative effects of consolidation there were similar to those brought about by separation in other cases. The outstanding examples of separation are San Francisco and St. Louis. There can be no doubt that consolidations of this type are productive of economy in operation. It is possible to supply the combined services of city and county government in a compact, thickly populated area more cheaply than under any other circumstances. There are, however, serious difficulties entailed by separation. They can be illustrated from the experience of St. Louis. The boundary of the present city-county known as the City of St. Louis was drawn in 1876 so as to leave within its limits what was then regarded as a sufficient margin for the growth of population. This margin has long since been exhausted, but the boundary line, in spite of several vigorous attempts to change it, has remained fixed.

PRESENT BOUNDARIES REMAIN

In our legal system the normal processes of annexation do not ordinarily operate across county boundaries, so that the arrangements of 1876 have actually operated to seriously hamper the normal growth of St. Louis. Some of the most serious of those problems which are usually described as "metropolitan" exist as a result in the St. Louis area. For at the same time that St. Louis' growth has been hindered, the development of highways and other modern facilities in the outlying portions of the old county has been held back because the wealth of St. Louis has not been taxable to provide them.

The result of all this is that today there is little talk of city-county consolidation by the process of separation. All the more recent proposals involve the inclusion of the whole county or substantially the whole county. The most recent project which has come to our attention, for example, a constitutional amendment to be voted upon by the people of Florida at the coming state election, gives the legislature power to "establish, alter, or abolish a municipal corporation to be known as the city of Jacksonville extending throughout the present limits of Duval County in place of any or all county, district, municipal, and local governments. . . ." This is a recognition of the fact that the city needs the surrounding territory not only for expansion but for the purpose of encouraging and controlling the development of governmental services therein.

The conception of the city has changed. We no longer think of a city as a compactly built-up area with a heavy population per acre. The modern city is a region with one or more urban centers and a whole galaxy of industrial and residential satellites. The increased mobility of man has made necessary a broader conception of the city including adequate recreational and agricultural areas interspersed among the more intensive settlements along the main lines of transportation.

METROPOLITAN AREAS

The size of metropolitan areas, running to the county limits and sometimes beyond, and the great diversity of character and interest among the existing units of government within each area, have brought it to pass that several of the more striking recent proposals for city-county consolidation have been upon the so-called federated pattern. Such proposals have been forcibly urged in Pittsburgh, Boston, St. Louis, Los Angeles, the communities on the eastern side of San Francisco Bay, and several other situations. These proposals call for retaining in existence the present units of government for some purpose while a central consolidated city and county government for some purposes while a central terest to all. It is impossible to predict for consolidations of this type the results in the way of economy achieved in San Francisco and St. Louis. They retain too much governmental overhead for that. They do, however, provide recognition for the rights and interests of existing population groups and have been considered more feasible from the point of view of placating the spirit of local patriotism. This spirit, however, has nowhere been sufficiently placated to secure their adoption, although the prospects for success in the Pittsburgh area now seem excellent.

These federated consolidations are of course something short of complete. In a sense they amount to little more than endowing the present county government with additional powers and a more modern administrative set-up. It is now coming to be believed that if county government can be reformed so that the public would feel some confidence in seeing new functions assigned to it, those metropolitan problems that are most pressing could be solved without revolutionary changes in governmental structure by simply transferring the responsibility for their solution from the city and other local units to the county. An extension of the powers of counties and other units to contract with one another for certain services would also greatly facilitate this process. So long as county government remains an archaic monstrosity, however, no development along these lines can be expected.

We may sum up, therefore, the present situation as follows: (1) many proposals and little action; (2) among proposals the most prominently urged are federated schemes for large metropolitan counties; (3) consolidation in a compact, thickly populated area alone offers substantial economies in operation; (4) this advantage is counterbalanced by accompanying limitations on growth and on control of future development; (5) the simple and easy way toward the solution of the relationship between city and county is in a reallocation of functions in which the larger unit will perform those applicable to the area as a whole; (6) progress in this line waits upon reform in county government.

Each year the people of California spend in round numbers $110,000,000 for an elusive commodity known as county government. This does not include the schools, which manage their own affairs, nor does it include the activities and expenditures of a multitude of special districts. The $110,000,000 goes entirely for the ordinary services and regulations of the 57 counties of the state. It does not even include San Francisco, which is a combined city and county and is technically classified as a city.—From "What is County Government Worth?", by L. D. Gifford, *The Tax Digest,* August, 1934.

State Contro in North Carolina

A state steps into the breach when her counties find themselves unable to carry on

PAUL W. WAGER

University of North Carolina

Two years ago, when the sources of tax revenue were drying up in North Carolina and the state was faced with a steadily mounting deficit, some timid souls urged that schools be closed, or at least that terms be shortened, until better times. In that dark hour Governor Ehringhaus came before the legislature and declared instead for full state support of an eight-months term for every child in the state. In championing such a course the Governor was simply calling for a further advance along the path which the state had been pursuing for a decade. His courage inspired confidence and the step was taken. Today, the state is definitely out of the red and its bonds are worth par in any market. More functions have been transferred from the local governments to the state in North Carolina than in any other state. Since the state is supporting these functions without ad valorem taxation property owners have received a substantial degree of tax relief. North Carolina counties have been enabled to cut their tax rates from an average of $1.64 per one hundred dollars of assessed value in 1930 to an average of 88 cents last year. This is in spite of a reduction of 30 per cent in the assessed value of property.

STATE OPERATION OF THE PUBLIC SCHOOLS

For a number of years the state has been increasing its participation in the cost of the public schools, both as a means of property tax reduction and as a means of equalizing educational opportunity. Ten years ago it was appropriating $1,250,000 a year from its general fund to help defray the cost of the public schools in those counties least able to bear the burden alone. In 1925 the appropriation was increased to $1,500,000; in 1927 to $3,250,000; and in 1929 to $6,500,000. That year the operating cost of schools was about $26,000,000, the state thus bearing about one-fourth of it. This was from other sources of taxation than property, for there had been no property tax for state purposes since 1920.

As the depression deepened and property values fell, it became apparent to the legislature of 1931 that owners of property must be given still greater relief, so it provided for full state assumption of the minimum constitutional term of six months, with counties contributing only the proceeds of a tax of 15 cents on each hundred dollars of assessed value. But unfortunately this program failed to work out satisfactorily. Not only did many local districts fail to raise taxes for an extension of the term beyond the minimum of six months but the state itself accumulated a deficit of nearly $13,000,000 in the biennium ending June 30, 1933. It was at this point that the state under Governor Ehringhaus' leadership removed the 15-cent tax on property and at the same time assumed responsibility for the operation of the schools for eight months. To finance such a program, business, income, and franchise taxes were increased and a general sales tax was imposed. Moreover, the annual appropriation for the state-wide term of eight months was fixed at $16,000,000 compared to $17,500,000 for a six-months term in the preceding biennium.

It must be admitted at the outset that much of the reduction in school costs is attributable to salary reductions. Teachers are paid according to a state-wide salary schedule—the maximum salary for a class room teacher now being $90 a month, and the minimum $45. This is for white teachers; it is considerably less for colored teachers. A principal with twenty teachers and four years' experience gets $175 a month. These salaries are for eight months only. Last year the average salary of a random sample of teachers in the towns and cities of the state was $674, a reduction of 44.6 per cent over what they were receiving in 1929-30. The average salary of a group of rural teachers was $646 compared to $983 in 1929-30.

THE TOLL OF SALARY CUTS

No wonder we get pathetic stories from some of the teachers. The following is typical: "I do not have enough money to buy decent clothes. Am wearing old ones and they'll soon be past wearing. I need glasses but cannot afford them. I cannot eat as much as I should. I do without many meals. If I'm sick I have to teach anyway for we're docked—no sick leave at all. As for recreation, I have none—can't afford any. Occasionally I go to a movie but do without something else then. I cannot afford to buy books or magazines as I once did. I need medical treatment which I cannot take. So far (March) I have been unable to save anything to live on this summer and have no home to which I can go."

North Carolina is not proud of these low salaries and does not intend that they remain at this low level. Moreover, there are some bright lights in the picture. Every schoolhouse has been kept open for at least eight months and every teacher has been paid in cash and in full. No teacher has been required to accept scrip or to suffer any discount.

Not all the saving has been due to salary reductions. When the state took over the schools, district lines were obliterated and new and larger districts created. The number of administrative units was reduced from 2,225 to 867, the new district lines being drawn without regard to political complexities or the distribution of taxable wealth. Last year only seven of the 867 districts imposed a district tax to supplement teachers' salaries and support a ninth month of school. This does not mean that there is no property tax levied for school purposes anywhere outside of these seven communities. The state assumed only the operating expense; the local units must continue to furnish school buildings and provide for their upkeep. They must also liquidate existing indebtedness. In many counties both of these items are cared for by county-wide levies.

The reduction in the number of administrative districts reduced the number of district trustees in approximately the same proportion and thus reduced the opportunity for petty patronage. State operation has introduced many other economies. Some of the more important items of saving are: A better grouping of children in the schools by disregarding district and county lines, with a better average load factor and a reduction in the cost of transportation. North Carolina has perhaps the most complete system of school transportation of any state, and under state supervision the cost has been reduced from $2,300,000 to $1,700,000.

THE HOME RULE QUESTION

This has not been accomplished without some sacrifice of home rule and there have been protests. Some can be traced to dislodged school officials, some to merchants and salesmen whose business has been injured, but also to parents and teachers who are genuinely distressed because the program appears to be one of "leveling down" rather than of "leveling up". The last mentioned criticism would be a just one if the present policy is not liberalized as economic conditions improve. It is true that cities which had superior school systems were reduced temporarily to a common level of mediocrity. Music teachers, librarians, nurses, teachers of vocational education were dismissed right and left. Superior teachers of long experience were reduced to a maximum of $720 a year and the teaching load increased. The salaries of superintendents were sometimes cut 40 or 50 per cent. Most of the cities and towns which had been supplying generous supplements ceased doing so; only seven communities kept their flag of pride aloft.

But this collapse cannot be wholly attributed to the reorganization. All that the new school law required was that no further special school tax be levied without a fresh mandate from the people. No city was denied the right to vote on the proposition unless it was in default. Cities like Greensboro, Charlotte and Winston-Salem held elections and the schools lost because depression psychology prevailed. It may have been unfair to put the schools on the defensive at such a time, but it undoubtedly prevented many units from continuing to spend beyond their capacity to collect taxes. These better schools have suffered seriously; many of the best teachers have resigned; the children have been the victims of false economy. But these conditions are not peculiar to North Carolina and are perhaps less devastating and can be more easily repaired than would have been the case had not the state entered the picture.

STATE MAINTENANCE OF ROADS

For a decade beginning in 1921, the state steadily increased the mileage of main highways taken over into the state system. In 1931 it went all the way and took over the maintenance of every mile of public road in the state, except city streets. This step was logical in two respects: it completely shifted the burden of road support from the owners of property to those who use the roads, and it produced a higher standard of maintenance at a lower cost. State maintenance results in lower cost because it permits the use of the most adaptable machinery, the best utilization of technical skill, and the employment of thousands of prisoners who would otherwise be in idleness.

When the state took over the county roads on July 1, 1931, it added about 46,000 miles of secondary roads to a state system which already had nearly 10,000 miles of primary roads. Since that time certain main-traveled roads have been shifted from the secondary to the primary system, and a small mileage has been added to the secondary system.

The first year under state maintenance the expenditures for construction and maintenance in the secondary system amounted to $7,280,601. This figure includes $900,000 spent in the construction of prison camps. The following year (1932-33) the corresponding expenditure was $4,659,740, and last year it was $4,660,429. This, it will be observed, is about $100 per mile. The last year the counties maintained the roads they spent $8,233,000, according to the best analysis of county expenditures that could be made. This pronounced reduction is of course partly attributable to the lower price level which has prevailed in recent years. It is impossible to estimate how much the counties would have spent these last two years. Perhaps they would have spent even less than the state, but it is almost certain that many would have let the roads deteriorate badly.

It cannot be claimed that the state has spent all that could have been spent profitably. There are thousands of miles of dirt road that need a gravel surface; it would have been well to do such work while labor costs were low. Some has been done by the state and some by CWA labor. But it has been the policy of the state to build up a balance in the state highway fund in order that it might serve as banker for the general fund. Last year revenues exceeded expenditures by $5,815,000. This is after $1,000,000 had been diverted (donated) to the general fund. A large cash balance in the highway fund has enabled the state to save hundreds of thousands of dollars in interest charges and was a material factor in the successful funding of the $13,000,000 deficit which accumulated in the general fund in the biennium ending June 30, 1933. Last year, thanks to the $1,000,000 diverted from the highway fund, the general fund budget was balanced.

STATE TAKES OVER PRISONERS

One of the indirect benefits of state maintenance of all highways is the opportunity it affords for the wholesome and profitable employment of convict labor. The state has constructed 82 permanent prison camps to which those who are employed on the highways return each night. These camps are equipped with shower baths; the food is well-balanced; there are facilities for recreation; and there is a doctor attached to each camp. While discipline is necessary there has never been a hint of such abuses as used to prevail in the county chain gangs. Already this season the camps have canned 147,000 cans of vegetables grown in the camp gardens. Last year the cost of maintaining a prisoner was 48.58 cents per day. This covered food, clothing, hospitalization, guarding, everything except interest on the capital equipment.

Not only have the highway prison camps practically emptied the county jails but they have recruited heavily from the state prison. As a result the last legislature consolidated the state prison and the state highway department into a highway and public works department. Whether or not this was wise, it at least permitted the omission of any further appropriation from the general fund for the state prison. At the beginning of the present month the prison population in the central prison, on the two state farms, and in the 82 camps was 7,885. Of this number about 6,000 are employed on the highways. The prison division, by charging the highway maintenance division 80 cents a day for the labor which it uses, is able to avoid a prison deficit. If convict labor is not worth 80 cents a day to the highway department, then of course it is supporting the state prison to the extent of this excess labor cost. Highway officials frankly admit that the state would not employ 6,000 free laborers to do the work which the prisoners perform, but in terms of human life, wholesome outdoor work, and good treatment it is good economy.

LOCAL GOVERNMENT COMMISSION

Another step toward centralization in North Carolina was the creation in 1931 of the local government commission. This is a state agency with supervisory powers over the debt-making and debt-paying functions of local government. No local unit may issue a note or bond without the approval of the commission. In fact, the negotiation is made by the commission. Moreover, it is the duty of the state agency to require a local unit to levy sufficient taxes to meet its sinking fund requirements and to safeguard its sinking funds. When the commission began its labors it found many sinking funds seriously depleted and others invested in frozen mortgages. Many units have had to default or refund because their sinking fund investments could not be liquidated.

In the last three years fifty-eight counties and about 125 cities and towns of the state have defaulted on their bonds. This is a result of extravagant bond issues in the relatively prosperous years of the previous decade. One of the most important tasks of the commission in the last year or two has been to assist the local units in refunding their debts. It has already approved refunding plans in twenty-six counties, involving a total of $6,666,700.

Another useful service performed by the agency has been the preparation of an audit contract. The use of such a contract by the counties should not only result in more comparable audits but in more uniform accounts as a foundation for the audits. It will also provide something definite for auditing firms to bid on, and the counties should benefit from more spirited bidding.

CONCLUSION

These steps in the direction of state centralization may appear alarming to home rule enthusiasts. There is some protest in North Carolina, but in the main the transfer of functions from the county to the state is recognized as an economy which does not do serious violence to local interests. In the case of roads, the service has been improved along with the reduction in costs. In the case of the schools, sacrifices have had to be made during this period of depression which it is hoped will soon be corrected. The great desire on the part of almost everybody was a substantial reduction in property taxes and that has been achieved. If it has been achieved at the cost of some surrender of local self-government, most people seem satisfied with the exchange. Local government will continue in North Carolina; there are plenty of services for local government to perform as soon as economic conditions warrant it; it may be well that it has been relieved of some of the older functions.

The county, divided into townships, boroughs, or parishes, which contain villages, towns, and cities, is the focal unit of local government. County government is older than the nation. It is an importation, adapted from the English memorial system and brought to this country by the great English proprietors of the 17th century, notably Oglethorpe and the Calverts in the south and Penn and the Duke of York in the middle colonies. New England from the start had developed a system of local government by towns and counties, based on the English shire government but more completely popularized. So history suggests that our vaunted free governments have never been more than medieval institutions, with their inherent recognition of privileged land-owning and governing classes greatly liberalized to meet pioneer conditions. The Declaration of Independence, with its announcement of personal equality and its limitation of government to the consent of the governed, was designed as a body blow to the ancient ideas. But so far as it affected the actual forms it was a theoretical blow only, for the old local structures remained after the colonies became states, the frontier spread westward and new states moulded themselves on the old ones.—From "Mosquito District—There She Stands!", by Edward M. Barrows, *New Outlook*, August, 1934.

A Successful County Treasurer's Office

Up-to-date business methods and strict enforcement of laws important factors in Hamilton County's collection of taxes

HARRY A. FREIBERG

Treasurer, Hamilton County, Ohio

IN 1927, as the result of a drive for good government in Hamilton County, Ohio, in which is located Cincinnati, Mr. Samuel Ach, an experienced business man and former successful president of the board of education, was elected Treasurer. He immediately installed strictly business methods in his office and reduced the personnel from thirty-one to fourteen, and the salaries for personnel—$79,400—were correspondingly reduced. That policy was continued by my predecessor, Mr. Friedlander, so that now it is approximately $47,000, which includes not only the salaries of those of the auditor's staff who are interchanged with the treasurer during peak loads, but also a proportionate part of the salaries of the operators of the mechanical billing equipment used jointly by both offices. When Mr. Ach took office, he immediately abandoned the old method of writing tax bills by hand and installed manifold billing machines, which were subsequently replaced by the punch-card system now in vogue.

Fortunately for the county, Mr. Ach started in with his business regime and had it well established long before the depression set in—a factor to be well considered in explanation of the happy situation prevailing in Hamilton County in regard to tax collections.

The total amount of the 1932 duplicate billed (covering the 1933 collections), consisting of current general tax, current special assessments, delinquent general tax, and delinquent special assessments, of real and public utility property taxes, amounted to $27,232,964. Of this there was collected a total of $21,745,803; the entire uncollected amount was $5,487,160 or only 20.15 per cent. The current general taxes billed amounted to $22,066,246 and there was collected on delinquent and current taxes $20,404,112 or 92.4 per cent. In figuring the budget for 1933 it was estimated that the losses on uncollected taxes would be 7½ per cent. The collection itself showed an actual loss of only 7.53 per cent proving the estimate a remarkably close one.

In regard to personal tax, in the year 1932 the personal property taxes billed, consisting of current tangible and intangible, amounted to a total of $5,943,313. There was collected a total sum of $5,764,807. Of the unpaid taxes, about $70,000 was enjoined so that actually only 2 per cent remains uncollected. Besides, a total of $225,387 was collected on the old delinquent personal duplicate.

Now, what are the underlying causes of this remarkable showing as compared with all the other large counties of the state? And, what are the principles involved, which has enabled us to bring about this situation and maintain it during the present crisis?

ENFORCEMENT OF THE TAX LAWS

The strictest enforcement of the laws of Ohio, with respect to payment and penalties for non-payment, within the specified time—the basic principle involved here is that the law recognizes no exceptions, so that all taxpayers understand that they will be treated alike and that no favoritism will be shown. This perhaps is one of the most essential things that has been done for the past seven years and it is thoroughly understood by the taxpayers of Hamilton County. That there should be no deviation from this rule was doubtless, in the beginning, most difficult to establish, as it was especially inconvenient to those who, under the old methods, were accustomed to special privileges, or reductions in their tax bills by the intercession of someone "higher up". The policy of no "exceptions to the rule" has certainly proved its value many times over.

100 PER CENT COÖPERATION WITH AUDITOR'S OFFICE

In order to accomplish the maximum efficiency in collections, it is necessary to have 100 per cent coöperation with the auditor's office. This has been, and is now, the case in Hamilton County. Here, the same mechanical equipment is used in both offices. This equipment, by the way, is the very last word in the rapid tabulating of tax bills—addressing and printing them complete, with all details, so that no hand touches a bill from the time it is mechanically addressed and billed until it is placed in an envelope for mailing. So up-to-date is the system employed that at the World's Fair in Chicago, there was on display a complete replica of the set-up in Hamilton County, as a model of the most modern and efficient method of conducting a treasurer's office. By the use of this system, the treasurer's books are daily in exact balance, and a daily accurate distribution could be made if necessary to the 106 taxing districts of the county. Besides, great savings to both offices have been effected by the coöperation of the auditor with the treasurer by the interchange of employees during collection periods.

PERSONNEL

Another very important step in the collection of taxes is that of a trained and skilled staff, particularly those who come in contact with the public. All of these have been selected for their positions through civil service. It is most important that they thoroughly understand how to handle the public, not only to give prompt and efficient service in handling tax bills, but to answer questions courteously and to aid the treasurer in advising the public of the policies of the office, the dates of expiration, the enforcement of penalties, etc. During the past seven years there have been only three changes in personnel in the treasurer's office in Hamilton County and these changes were due to the fact that the old employees could not pass the test of civil service.

PUBLICITY

Proper publicity is another necessary adjunct. Hamilton County is fortunate in having the full coöperation of the local newspapers in giving prominence to all notices regarding tax bills, last date of payment, extensions, penalties, etc. These constant reminders are of enormous help, constantly keeping the public aware of its obligations and giving it little chance to overlook them. It is highly important during collection periods to secure the greatest amount of newspaper publicity and the results of these notices are quickly apparent at the cashiers' windows.

Our latest attempt to collect delinquent real estate taxes has been fraught with remarkable success. We did not rely only upon newspapers to post the public; we sent out postal cards as reminders to every delinquent taxpayer, calling his attention to the saving to be effected under the recent senate bill 24. This is bringing in thousands of dollars which might otherwise never have been paid. Apparently many overlook these items in the newspapers and must be reminded by special personal notice of the savings to be effected.

The method employed by the county auditor in conjunction with the treasurer to acquaint the taxpayers with the new intangible tax law was rather unique. By newspaper advertising, meetings were arranged with various civic welfare, bankers, and accountants associations, at which the many phases of the law and how it applies to each particular business were explained. Books of instructions were compiled by the auditor and treasurer and were distributed to the public. Deputies were sent to outlying districts to assist taxpayers. By this continuous propaganda, the taxpayers of Hamilton County were made to fully realize what the new intangible law expected of them and were undoubtedly more conscientious in filing proper returns than they would have been otherwise. News was spread throughout the county that a branch of the Tax Commission of Ohio would be established at the courthouse, and owners of securities were advised that a strict check-up would be made of both their income and non-productive investments. Owners of securities were, therefore, most careful to report their holdings fully in their returns. There were, however, quite a few who failed to return their taxable securities and after the auditor had made a complete check-up of the 275,000 individual owners of stock as evidenced by the lists furnished by the Ohio corporations and other corporations doing business in Ohio, the owners of these unreported stocks were cited to appear at the auditor's office and list them. If they failed to appear, their stocks were automatically listed by the county auditor and a 50 per cent penalty was added for failure to make a return as authorized by law.

Furthermore, in advance of the closing of the books, we make it a practice of notifying by letter every taxpayer whose taxes are unpaid, so that he will have ample personal notice of the likelihood of his taxes becoming delinquent. This practice is also found to yield large returns. We consider this persistent and continual following up of these who might otherwise become permanently delinquent, one of the causes of our low percentage of delinquent taxes, and it surely helps to swell the total amount collected.

PENALTIES

While we in Hamilton County will be able to realize some four or five hundred thousand dollars through the recent emergency act, senate bill 24, which remits penalties on delinquent taxes, we consider that such practice, if continued, will do more harm than good. It will tend to destroy the whole tax structure. Those who have always paid taxes promptly and have in many cases borrowed money for this purpose, at a high rate of interest, are obviously going to become slack, hoping that similar relief will be granted again, so that one of the greatest incentives to pay promptly will have been removed. Frequent extensions of time for payment will inevitably have the same result. If these emergency measures are continued, the public will eventually regard the payment of taxes as a matter of small concern. I, therefore, hope that the legislature will hesitate to create new emergency laws effecting penalties. By remitting penalties, delinquencies are definitely bound to rapidly increase.

COÖPERATION OF PROSECUTOR

Certainly by far the most important aid to the treasurer in collecting delinquent personal taxes has been the wholehearted support given by the prosecutor for the past seven years. When Mr. Ach took office there was a tremendous amount of personal delinquency—an accumulation dating as far back as ten years. He immediately made arrangements to have assigned to him a special prosecutor, paid for out of his own budget, to assist in the collection of delinquent personal taxes. This new procedure started in 1927, and carried on by my predecessor, netted the county over $1,250,000, representing delinquent taxes that would otherwise have remained unpaid. The employment of special outside counsel for the purpose of collecting delinquent taxes is utterly futile. It seems that the signature of the prosecutor or one of his assistants on a letter requesting the payment of delinquent taxes has quite a psychological effect that could not be produced by the signature of an ordinary attorney-at-law. It is much more effective than any other collection agency, as the backing of the prosecutor in the demand for payment puts "teeth in it".

A year has elapsed since the last follow-up has been made. However, we are again attacking the delinquent list. For convenience delinquent taxpayers are carried in separate ledgers. This follow-up is conducted by one of the stenographers in the office assigned for that purpose. When she is compelled to resort to the final notice, she simply uses a regular form letter on the prosecutor's letter head, with a rubber stamp signature of one of his assistants. Starting only a few months ago, we have already collected $110,000 (one check alone just recently received amounted to over $5,000), with practically no collection expense involved except the young lady's time.

To sum up: The success that has been achieved in the treasurer's office in Hamilton County is largely due to strict and impartial enforcement of the law, complete coöperation of the auditor's office, skilled personnel selected through the merit system, ample publicity, enforcement of all penalties as provided by the law, and the full support of the prosecutor's office, all of which are necessary and implies a good deal more than the mere sending out of a tax bill by the treasurer. It should be said, however, that the people of Hamilton County, being largely native-born, have always been of a conservative and saving nature and eager to meet their obligations. They think highly of their homes and want to keep them free of debt. Furthermore, and not the least, they have shown their approval of and faith in the good government they have been enjoying, by the prompt manner in which they have been meeting their tax responsibilities. For these reasons and in spite of the depression, Hamilton County has a balanced budget and funds in the treasury, and has never issued scrip or had to resort to refunding of any kind. Its bonds are eagerly sought after and sell well above par, so that unquestionably the business methods used in county functions have yielded large dividends besides efficient service.

Since this article was prepared the Ohio legislature has passed an emergency measure allowing taxpayers to pay taxes for 1932 and previous years without penalty or interest. If the current 1933 taxes were paid in full, an agreement could be signed to pay the delinquent taxes over a period of six years.

Realizing this was an opportunity to make a special drive for delinquent taxes, the treasurer designed a delinquent bill which was mailed to each of the twenty-five thousand delinquent taxpayers in Hamilton County, accompanied by a personal letter pointing out the special privileges granted under this emergency act and also the consequences that might happen as a result of a bill authorizing the county treasurer to act as receiver for such properties bearing an income of $2,000.00 or more per annum.

This was the first time in the history of Hamilton County, and possibly in the state, that *certified delinquent* tax bills were mailed. The results of mailing these certified delinquent bills were astounding. Four or five hundred calls per day were received at the treasurer's office and many taxpayers availed themselves of this special privilege of paying without penalty.

Due to the mailing of these special delinquent tax bills, the June collection, just completed, shows remarkable results. This collection, which is by far the best we have had in this county for quite a few years, amounts to over a hundred per cent of the current taxes and assessments billed.

Editor's Note: This article is from an address delivered by Mr. Freiberg before the County Treasurers Association of Ohio in November 1933.

COUNTY HOME RULE

(Continued from Page 519)

generally are bound up by a multitude of legislative restrictions. Particularly is this true in the matter of tax rates and budget making. County commissioners should have far more freedom in the matter of budgeting the resources of their counties—indeed, local budgeting becomes a farce in the light of restrictions that exist in many states. And the governing board should have far more power in the matter of controlling the business and clerical activities of the county. A number of the present familiar offices—clerk, treasurer, recorder, etc.—might well be consolidated into one business office, including purchase, and the governing board should appoint and control whoever was put in charge.

Any intimation that there ought to be variation in the powers of counties and county officers would seem on its face to be unreasonable. There is need for removing restrictions on power and a rewriting of the grants of power, but no need for discrimination. Home rule implies an opportunity for some counties to escape something. We know what it is they want to escape—but why not amend the laws so that no county need want a special avenue of escape?

It will be found that what many advocates of county home rule are really thinking about is a chance to introduce the manager plan into metropolitan counties. There is a great inclination to advocate for county government measures that seem good for city government. But their problems are not the same, and cannot satisfactorily be dealt with in the same way. A city has a far stronger claim to devices for local self government than does a county. More and more counties are becoming administrative areas for the state. Even as this comes to pass counties need not surrender a very wholesome measure of autonomy. But the organization and functions of the county must be considered in the light of this very important fact rather than in the light of the needs of a few great cities. The cities should be released from their many strictures; but that consideration need not lead to dubious reforms in the field of county government.

Kirk H. Porter

The Financial Crisis of Counties in the State of Washington

Mounting costs and decreasing funds bring serious problems

JOSEPH P. HARRIS

University of Washington

Counties, in common with other local units of government, have encountered financial difficulties during the latter years of the depression due to poor tax collections, the increased burden of relief of the unemployed and the poor, lowered assessed valuations, increased debt charges, and the inability of the local governments to control their financial operations and to adjust expenditures to reduced incomes. The situation in the state of Washington is probably very similar to that in other states, but the adoption of a new and more stringent tax-limitation measure, which went into effect this year, has accentuated the problem.

An analysis of the financial status of the thirty-nine counties of Washington indicates that the situation is by no means uniform throughout the state. About half of the counties—seventeen out of thirty-nine—are in very good condition. These counties are practically free of debt in any form, usually having an indebtedness of less than 1 per cent of the assessed valuation. A number have no debt whatever. Practically all of this group are on a cash basis and have adjusted to reduced tax collections by reducing expenditures and by increasing the tax levy. All of these counties with a single exception are agricultural counties, having high per capita assessed valuations, low tax rates, and little increase in the cost of public welfare. These counties are located principally in the wheat growing section of eastern Washington, where large farms prevail.

A second group of counties is facing financial difficulties, and was forced this year to reduce welfare and other county expenditures very sharply. The counties in this group are largely urban, or semi-urban. Their assessed valuation per capita is average or low. Within recent years their cost of welfare activities has increased greatly, and the county commissioners have voted emergency appropriations to feed the unemployed. These counties without exception are months behind in the payment of county warrants, which are subject to discount. Several have considerable indebtedness, but many in the group have only a small amount of bonded debt. Included in this group are the urban counties on Puget Sound, some of the lumbering counties, and the two largest counties in the fruit growing section in the central part of the state.

A third group, containing only four counties, is facing a serious financial crisis. These counties—Grays Harbor, Pierce, Pacific, and Thurston—have an unusually large indebtedness, low assessed valuation, average or poor tax collections, and have made very large welfare expenditures within the last several years. Three of these counties are strictly lumbering counties, where the shutting down of the mills for several years has produced serious local economic conditions. These counties have large amounts of outstanding unpaid warrants. This year they were forced to reduce their budgets to about 50 per cent of what they were several years ago. In one county the welfare activities were practically eliminated, the state being asked to take over the county hospital, health department, poor farm, and other charitable activities.

THE TEN MILL TAX LIMIT

This, briefly, is the financial outlook of the counties of the state. The assessed valuations have been reduced to approximately 79 per cent of those in 1930, with further reduction in sight for this year. The tax limitation law which went into effect this year limits the county levy to 10 mills for all purposes other than debt charges, upon an assessed valuation legally fixed at 50 per cent of the true value. One third of the counties are not affected by the law. These have high per capita assessed valuations and are able to carry on the county functions easily within the 10-mill limit. Other counties with low assessed valuations have found it very difficult to make the required reductions. Four counties voted upon a special levy for welfare purposes in 1933, but in three the special levy was defeated. Many of the counties which have been forced to retrench have reduced the county school fund, have stopped making replacements and repairs, and have laid off some county employees. In all of these counties the welfare items have been reduced very materially, as much as 70 per cent in several counties, and 50 per cent in many counties.

TREND OF COUNTY EXPENDITURES

A more detailed examination of certain aspects of county finances is now in order. We may examine first the trend of county expenditures during the last ten years. Unfortunately, the county financial records are somewhat confused with those of other local units of government, and, curiously enough, one may not ascertain from the county auditors' reports the total expenditure for county government in any particular year. The nearest approach is the total tax collections of the counties, and also current expense disbursements. Table 1 shows the tax collections and expenditures of the current expense fund of all counties in the state.

It is significant that the tax collections of all counties (except Yakima) were a million dollars less in 1932 than in 1923; if King County (in which the city of Seattle is located) is omitted, the decrease was from $11,203,161 to $8,890,282. The decline in 1933 and 1934 will be even more marked. By way of reservation, it may be noted that the counties spent more than they collected in taxes in 1932, as evidenced by the large amount of outstanding warrants at the end of the year. Also

TABLE 1

TAX COLLECTION[1]

Year	All Counties	King County	All Counties Except King
1923	$14,944,508	$3,741,347	$11,203,161
1932	13,767,093	4,876,811	8,890,282
DISBURSEMENTS OF THE CURRENT EXPENSE FUND			
1923	$ 8,087,000	$1,816,000	$6,271,000
1932	13,304,000	4,925,000	8,878,000
1933	8,970,000	2,674,000	6,296,000
DISBURSEMENTS OF THE CURRENT EXPENSE FUND OMITTING WELFARE			
1923	$6,959,000	$1,623,000	$5,336,000
1932	8,129,000	2,804,000	5,324,000
1933	5,420,000	1,622,000	3,798,000

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[1] All counties except Yakima, for which data are not available.

the counties received a larger subsidy from the state for highway purposes in the latter year.

The current expense fund is a better indication of the trend of expenditures than the tax collections. It covers all the county expenditures, except the school fund, highways, and a few small funds. The expenditures of this fund for all counties except King, and omitting welfare, were almost identical in 1923 and 1932. In King County the expenditures increased very substantially during the ten-year period, due principally to the erection of a large county hospital, the building of an airport, and to other new activities taken over by the county. The expenditures of 1933 show a very substantial reduction from those of 1932, and 1934 will show an even greater reduction. The per capita expenditure for county government in 1933, exclusive of highways and welfare activities, shows a marked decline from that of ten years earlier. The expenditures for 1934 will show even greater reductions.

COST OF PUBLIC WELFARE

The reductions which the counties have made in the ordinary governmental activities have been offset by the increased expenditures for poor relief. The trend of county expenditures for welfare activities, over a ten-year period, including indigent relief, county farm, soldiers' relief, and mothers' pensions, but not including hospitals and health, is indicated in Table 2.

It will be noted that the welfare costs of the counties increased from slightly over a million dollars annually in 1923 to over two million dollars in 1930. The greatest increases were in the urban counties, as would be expected, but all of the counties practically without exception showed increases. If hospital and health expenditures were included in the table, the increase would be even more pronounced. The large increase in 1932 was due largely to unemployed relief, the urban counties receiving loans from the federal government. The county expenditures for welfare in 1933, however, indicated a substantial decline over the high mark of 1932.

Detailed studies show that the expenditures for welfare by private charities have remained about stationary during the depression, while the public expenditures have increased enormously. In King County the private charities spent $499,799 for relief purposes in 1932, or 10.6 per cent of the total expenditure of $4,724,560 by all agencies, public and private. While the trend is undoubtedly toward more public support of poor relief, it is important to note the financial limitations which local governments are facing, and the very great reductions which they have made in their welfare items. Unless the financial ability of the urban counties, which have the greatest relief problems, can be improved, it seems quite unlikely that they will be able to carry on public welfare on the scale which will be required during the years to come. If welfare work is to continue to be largely publicly supported, in all probability the state or federal government, or both, will have to come to the aid of the counties in the older welfare activities as well as in unemployment relief.

COUNTY INDEBTEDNESS

The indebtedness situation of the counties in the state of Washington is very good. The constitutional debt limit—5 per cent of the assessed valua-

TABLE 2

COUNTY WELFARE EXPENDITURES

1923	$1,270,095	1927	$1,518,596	1930	$2,202,489
1924	1,211,938	1928	1,721,987	1931	2,585,262
1925	1,358,493	1929	1,821,128	1932	7,333,480
1926	1,466,021				

tion—was $50,315,525 in 1933, while the total bonded debt of the thirty-nine counties was $23,998,661. It should be noted that since the ratio of assessed value to actual value is very low in the state, the debt limit is correspondingly low. Seven counties had no bonded debt whatever; in twelve other counties the bonded debt was less than 1 per cent of the assessed valuation; in eleven counties it was between 1 and 2 per cent; in five counties between 2 and 3 per cent; and in four counties over 3 per cent. The per capita net bonded debt is indicated in the following table:

TABLE 3

Per Capita Net Bonded Indebtedness	Number of Counties
No bonded debt	9
Under $5.00	10
$5.01-$10.00	10
$10.01-$15.00	4
Over $15.00	6

Five counties in the state are heavily burdened with debt, and all of them have very large welfare problems. Several of these counties will be forced to refund debt obligations falling due, or default upon them within a few years.

While the county indebtedness, except in a few counties, is remarkably small, it should be borne in mind that other local units of government may be heavily indebted. In some of the rural counties having no debt whatever there are irrigation districts with large indebtedness; also the school districts and municipalities have substantial debts.

The warrant indebtedness, or outstanding unpaid warrants, is a vexing problem in about half of the counties. Counties and other local units of government draw warrants without regard to whether there is money in the treasury to pay them; these remain outstanding, drawing interest, until paid. A number of counties are about a year or more behind in their payment of warrants. At the close of 1933 the total warrants outstanding of all counties in the state totaled $9,040,856, or .9 per cent of the assessed valuation. At the present rate of tax collection, the 10-mill or 1 per cent levy to which the county is limited, would fail to bring in enough in one year to pay these outstanding warrants. In several counties the situation is much worse than the average for the state. The warrants are subject to discount of varying amounts, and the prevailing practice is unsound. The significant thing has been the inability of the counties to live within their incomes. The excessive amount of outstanding warrants has been caused mainly by emergency appropriations to finance unemployment relief and work relief projects, and is therefore readily understandable. A more fundamental consideration, however, is the fact that the county has little financial control over its departments. They may go ahead and expend their appropriations, regardless of poor tax collections or increased relief problems.

There is no prospect in sight for the retirement of the outstanding warrants, except in a few counties. The tax collections are improving, and substantial sums of delinquent taxes are coming in, but not enough to do more than to halt the increase of outstanding warrants. Under the state law the county levy may not exceed the budgetary requirements, and consequently most of the counties go ahead and spend on the assumption that current taxes will be collected 100 per cent. Under this system any improvement in delinquent tax collections is taken up by shortage in current collections.

A few counties have funded their outstanding warrants, and at excessive interest rates. In some instances these warrants, representing current expenditures, have been funded over a period of twenty years, and at interest rates as high as six per cent. This serves to take care of the problem temporarily, but until the counties are able to exercise financial control, and prevent the accumulation of outstanding warrants again, refunding does not solve the problem. Other counties will doubtless issue bonds to take up their warrants within the next few years as the bond market improves, and it is not unlikely that part of the cost of the present depression will be paid for during later depressions.

ASSESSED VALUATIONS

Since the county is supported almost exclusively by the general property tax, except for highway expenditures, its financial ability depends upon its assessed valuation in relation to its population and its requirements. A study of the per capita assessed valuation in 1933 of the several counties indicates an extremely wide variation.

TABLE 4

Per Capita Assessed Valuation	Number of Counties
Under $600	17
601-800	8
801-1,000	4
1,001-1,200	1
1,201-1,400	4
1,401-1,800	4
Over 1,800	1

The counties having the greatest financial problems at present are, almost without exception, those with the lowest per capita assessed valuations. Many of them are urban or lumbering counties with large unemployment and poor relief problems. Several have a large indebtedness, which has rapidly increased within the last several years.

On the other hand, the counties with high assessed valuations per capita are having little financial difficulty. The tax rate is low in these counties, though the per capita cost of county government is generally high. They have not been affected by the tax limitation law, and, since most of them are rural counties, they have not faced the heavy welfare problems which urban counties have encountered.

The wide variation of the per capita assessed valuations, ranging from Kitsap County with $364, to Adams County with $1,932, indicates the great difference between the financial abilities of the counties, and shows how unevenly the uniform tax limitation measure affects them. A dozen counties are not affected at all, while another dozen counties are forced to make drastic reductions. The trend of assessed valuations over a period of ten years is given in the following table.

TABLE 5

Year	Assessed Valuation	Per cent of 1930 Assessed Valuation
1924	$1,149,018,339	90.79
1925	1,156,413,000	91.46
1926	1,205,495,065	95.34
1927	1,213,974,060	96.01
1928	1,247,155,686	98.63
1929	1,253,179,936	99.11
1930	1,264,438,654	100.00
1931	1,250,039,549	98.86
1932	1,056,281,337	83.54
1933	1,006,310,000	79.42

It is anticipated that the assessed valuations of 1934 will be substantially lower than those of 1933, owing to the fact that a general reassessment will be made this year. The plight of a number of counties will be substantially worse in 1935 than it is at present.

RETRENCHMENT UNDER THE TAX LIMIT LAW

An analysis of the 1934 budgets of more than half of the thirty-nine counties indicates the extent to which the counties have been affected by the tax limit law. In the counties not affected by the tax limit law only slight reductions, or none at all, were made, though it must be pointed out that many of them had already reduced their expenditures during previous years. These are the counties with high per capita assessed valuations, and correspondingly low tax rates. Another group of counties has been forced to make retrenchments to come under the tax limitation measure, but not enough to cause any serious trouble. A third group of counties has been forced to make drastic reductions in the county budget to come within the 10-mill limit. These counties have reduced most drastically their welfare budgets. In King and Lewis Counties, for example, welfare items were reduced to 30 per cent of the estimates. The county school fund was reduced by state law, but in many counties affected by the 10-mill limit, this fund was further reduced by as much as 50 per cent. The county departments were reduced also, but to a lesser extent.

While reductions in these items were being made, the debt charges, which are not subject to control from year to year, have increased, and the highway budgets have been materially increased. An analysis of the 1934 budget of Pierce County, one of the hardest hit counties in the state, shows that the county departments, such as sheriff, auditor, treasurer, and assessor, have been cut to 50 per cent of their budgets of a few years ago. The welfare budgets have been reduced by even greater amounts. The older, administrative, functions of the county, including the elective county offices, the conduct of elections, etc., amount to only 10 per cent of the total budget. The current operations of the county, exclusive of highways, amount to 34.6 per cent of the budget; the debt charges amount to 33.8 per cent; while the highway and river improvement items total 31.6 per cent. The highway expenditures were increased 21 per cent while the other activities of the county are being drastically curtailed. This is due to the fact that the highways are financed largely through grants from the state of a part of the receipts of the gasoline tax. The highway district tax levy is unaffected by the tax limitation law.

Pierce County is quite typical of the general situation in the state. The significant factors are: (1) the small amount of the total county budget expended upon the older county offices; (2) the reductions in education, welfare, and county offices; (3) the increase in debt charges and highways; and (4) the large and increasing part of the budget devoted to highways. In many rural counties the highway budget greatly exceeds the total for all other purposes. One rural county with less than 4,000 population has a current expense budget of $45,000, a county school fund of $6,470, and a highway budget of $88,000. Another county of about 6,000 population is spending $221,000 for highways, while the total county budget for all other purposes is only $90,000.

A number of the counties will face a more serious situation in 1935 than they have this year. As would be expected, several counties resorted to unsound financial practices to postpone the day of reckoning. In several counties the item of miscellaneous receipts was deliberately padded so that further reductions in the budgets would not have to be made. An individual analysis, including a chart showing the financial condition of each of the thirty-nine counties, has been prepared. The following summary of King County, the most populous county of the state, is given by way of illustration.

THE FINANCIAL STATUS OF KING COUNTY

The population of the county in 1930 was 463,512, of which 365,583 resided in the city of Seattle. Slightly over 80 per cent of the total population is urban, residing in cities of 2,500 and over. The unemployed case load of the county during the last year, ending July 1, 1934, was slightly less than the average of the entire state. Eight counties had a higher rate of unemployment relief, though most of these counties, it may be noted, were in lumbering sections.

The assessed valuation of the county reached its peak in 1931, with a total of $384,886,068, or about 20 per cent greater than that of 1923. It dropped to $331,148,278 in 1932 and still further in 1933. On January 1, 1934, the county had $12,917,875 outstanding bonded debt, and $4,789,180 warrant debt, or a total of $17,707,055, as compared with a debt limit of $15,761,396.[2] The net debt of the county during the last ten years is given below:

TABLE 6

Year	Net Debt	Per Capita Net Debt
1923	$ 7,655,022	$18.60
1924	6,933,988	16.55
1925	7,059,553	16.53
1926	6,892,591	15.88
1927	5,194,223	11.77
1928	5,343,506	11.91
1929	6,634,121	14.54
1930	10,473,123	22.59
1931	12,275,999	26.06
1932	15,210,776	31.79
1933	15,601,786	33.65

It will be noticed that during the years from 1923 to 1927 the county debt was being reduced, but from 1927 to 1933, it was increased from $5,194,223 to $15,601,786. A new county hospital, court house, and airport are responsible for most of the increase, but regardless of the purpose of the debts, the county is now approximately up to its constitutional limit. The large amount of outstanding, unpaid warrants constitutes the most difficult financial problem of the county. The amount is remaining about stationary, with no prospect of a material reduction.

The county budget for 1934 shows drastic curtailments in the welfare items over the estimates submitted by the departments, substantial reductions in the county administrative departments, and an increase in the debt charges, the latter due principally to the large levy of $1,420,000 for emergency expenditures already made. The highway budget of the county was substantially increased.

The trend in the cost of the older functions of county government, as represented by the offices of county auditor, sheriff, assessor, and clerk, is given in the following table:

TABLE 7

Year	Total Expenditure	Per Capita Cost
1923	$424,891	$1.03
1924	442,276	1.05
1925	456,748	1.07
1926	482,830	1.11
1927	501,085	1.13
1928	530,320	1.18
1929	557,367	1.22
1930	592,528	1.27
1931	593,626	1.26
1932	532,279	1.11
1933	478,480	1.03
1934	378,160 (appropriated)	.76

Ten years ago the county welfare expenditures, not including hospitals and health, amounted to approximately $250,000 a year, a very small item in the total county budget. By 1931 they had more than doubled, and in 1932 the county spent $3,275,052 for unemployment relief and the older forms of poor relief. This was considerably reduced in 1933 when the state took over unemployed relief, and will be further reduced in 1934. The county hospital expenditures, which amounted to about $125,000 a year ten years ago, jumped enormously in 1931 with the completion of a new county hospital, and now total over $600,000 annually.

Despite the fact that King County has great wealth, it is in a bad financial condition, owing to the large expenditures within recent years for welfare activities, the heavy debt which the county has recently incurred, and the inability of the county to exercise any effective financial control over its departments. The county commissioners have within recent years gone ahead and voted emergency expenditures in the face of large outstanding unpaid county warrants, and poor tax collections. The establishment of an effective financial control and of substantial economies in county administration is essential.

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[2] The county has not exceeded its legal debt limit, however, when cash on hand and other offsets are taken into account.

MOVEMENT FOR REFORM

The financial difficulties of the counties with urban populations, as well as the general dissatisfaction and distrust of county government, has led to a considerable movement for abolition or reform of the counties. Probably the financial stringency of the counties will bring this sentiment to a head and produce some practical results. In Washington, as elsewhere, people are saying that the county is obsolete, too small, and politically governed. Two principal obstacles stand in the way of reform: first, the state constitution provides for uniform county government, and enumerates most of the present elective county officers; second, in many rural sections the people are fairly well satisfied with the county. A constitutional amendment to repeal the sections in the constitution which hamper reform, to specifically authorize optional forms of government, and to give counties home rule was sponsored at the regular and special legislative sessions of 1933 by the Seattle Municipal League, but failed of passage.[3] Another bill provided for a special commission to study county government, but it also failed to pass.

The financial improvements most urgently needed to put county governments upon a sound basis are as follows:

1. A sound county budget law, including effective budgetary control vested in a single, responsible, chief financial officer.

2. Discontinuance as early as possible of the practice of issuing warrants without money on hand with which to pay them. It is bad policy to force the county employees and vendors to become creditors to the county.

3. The adoption of a modern assessment system.

4. The creation of a single department of finance in each county of the state, combining the present work of the auditor, treasurer, and assessor.

5. The installation of a modern accounting and record system, which is necessary for financial control. The present system of accounts shows only the cash receipts and disbursements.

A more complete reorganization, however, is called for, particularly in the populous counties which are having financial difficulties. It is very probable that, sooner or later, the highway function will be transferred to the state. The welfare activities will probably come under state support and supervision, as an outgrowth of the present experience. The general property tax is not only poorly suited to support poor relief, but is not adequate to do so during the next few years under the present restrictive laws.

There is a strong movement in the state for even more sweeping changes in county government, looking toward complete abolition of the counties and the formation of a small number of administrative districts under the state, or the reduction of the number of counties from thirty-nine at present to a dozen or even less. The movement here, as elsewhere, is based upon the belief that the county is out-moded as a unit for local government, that the counties are too small in area and population for modern conditions. Table 8, classifying counties upon the basis of 1930 population, indicates that many counties are too small to constitute a satisfactory administrative unit.

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[3] Governor Martin has recently appointed a special constitutional revision commission to prepare the necessary amendments for a reorganization of state and local government. The state planning council has created a number of subcommittees to study various problems of local government and finance.

TABLE 8

Population	Number of Counties
Less than 5,000	5
5,001-10,000	10
10,001-25,000	8
25,001-50,000	9
50,001-100,000	4
Over 100,000	3

It is significant that fifteen counties have less than 10,000 population. Fourteen counties have no city of 2,500 or over. Many of these counties have declined in population since 1910 and 1920.

A study of the per capita cost of county government reveals, as would be expected, that the smallest counties, as a general rule, have the highest costs. In fact, the statistics indicate very strikingly that per capita cost is inversely proportional to the population of the county. The total cost of county government is not available from the county financial records, and if available would not be a satisfactory criterion for comparison, since the larger counties perform many services not performed by the smaller ones. Table 9 compares the cost of county governments by two items: 1933 current expense tax levy for collection in 1934, and the administrative cost index for 1933. These items require explanation. The current expense fund is the general operating fund of the county, except for highways and a few minor activities such as veterans' relief and indigent blind, which have independent funds. The current expense fund is supported largely by the general property levy and fees received by the county offices. The levy for 1934 is taken instead of the actual expenditures of 1933, in order to show the comparison after the ten mill general property tax levy went into effect. The administrative cost index shows the actual expenditures for four county offices which exist throughout the state (in several of the smaller counties two of these offices are nominally consolidated, but actually conducted as separate offices), with practically identical functions in every county, namely: assessor, auditor, clerk and sheriff. These four offices constitute a fair index of the administrative costs of the counties.

It will be noted that the average per capita current expense levy of 1934 was not only highest in the group of counties having the smallest populations, but was actually more than double (245 per cent) the average levy in ten most populous counties, and more than twice as high as the state average. The comparison of administrative costs of 1933 as indicated by four offices (sheriff, auditor, clerk, and assessor) was equally striking, with the cost in the quartile of counties with smallest population averaging 173 per cent higher than that in the quartile of most populous counties, and 130 per cent higher than the state average.

This analysis of the cost of county

TABLE 9

County Group	1930 Population	Current expense tax levy, 1933	Index to administrative costs, 1933	Per capita current expense levy, 1934	Per capita administrative cost index, 1933
10 most populous counties	1,168,703	$3,984,967	$1,181,177	$3.41	$1.01
10 next most populous counties	257,794	1,295,934	371,283	5.03	1.44
9 next most populous counties	89,443	640,807	179,115	7.16	2.00
10 least populous counties	47,456	394,602	129,915	8.32	2.74
39 counties	1,563,396	6,316,310	1,861,490	4.04	1.19

government in relation to the population affords convincing proof of the need for larger counties, or some sort of reorganization which will bring about the economies of larger units. If a similar study could be made of the quality of services rendered by the counties, it would probably show also that the smallest counties are securing the lowest grade services, and that the quality of service is directly proportional to population, regardless of per capita costs. If a study were made of highway costs, the least populous counties would show a tremendously higher per capita cost than the more populous counties, but this would not be significant, since many of the least populous counties have relatively large highway mileage to maintain.

While the case for consolidation or abolition of counties would seem to be particularly strong, it is the judgment of the writer that the solution of the problem does not lie in either direction. Although the small counties have extraordinarily high per capita costs, these counties, as a general rule, also have very high per capita assessed valuations and consequently are not facing any particular financial stringency, as is the case of the more populous counties with much lower per capita costs. There is furthermore very little local criticism of the county officers in the smaller counties; they are known to almost everyone in the county, and are generally regarded as honest and capable. The smaller counties, because of this factor of personal acquaintance, are able to elect satisfactory officers, which is not true of the metropolitan counties. The greatest criticism of county government is to be found in the most populous counties, which now have the lowest per capita costs.

These considerations, coupled with the vested interests built up in connection with the county seats, will probably make it impossible to abolish or to consolidate counties. In the judgment of the writer, the improvement of county government will probably come in the following directions: (1) improvements of financial organization and procedure outlined above; (2) a gradual shifting of county functions to the state, particularly those functions involving large costs and necessitating larger units for economical and satisfactory operation; (3) the reorganization of county government, particularly in the more populous counties, through optional state laws or home rule, thus permitting the counties to adopt a form of government better suited to their needs.

If optional forms of county government and county home rule can be provided by state law, it is very likely that the urban counties facing financial difficulties will take advantage of these provisions and adopt a more suitable organization of county government. Unless some such step is taken, the movement for abolition of the counties and transference of their functions to the state will continue to spread.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Illinois Constitutional Convention Urged.—A committee of the City Club of Chicago has issued a report under date of September 10 strongly favoring the calling of a convention for revision of the state constitution, hardly changed since its adoption sixty-four years ago. On November 6 a state-wide vote will be taken on the question of calling the convention. The actions of the latter would, of course, be subject later to public ratification. The committee report states:

> Until our state constitution is changed the citizens of Illinois must continue to suffer under our present inequitable tax laws, must continue to support an unnecessarily complex system of government, must continue to be burdened by an inflexible constitution, and must continue to find their local governments entirely subservient to the wishes of the state legislature.

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City Manager Elections.—The election on the council-manager plan on September 12 in Mt. Vernon, New York (see page 477 of the REVIEW for September) resulted in defeat of the plan by a vote of 5,501 to 3,770. As there were about 25,000 qualified voters in this city of 61,499 population, less than 40 per cent participated, and the opposition was well organized. This is the third defeat for the city manager plan in Mt. Vernon since 1914.

On September 18, Morristown, New Jersey (population 15,197), voted on the manager plan, which lost by a vote of 1,974 to 1,720. According to the Newark *News*, "the strength of supporters of the plan surprised many who had predicted an easier time for the 'politically schooled' opponents." The movement for the referendum originated a few months ago in the municipal affairs committee of the chamber of commerce.

On October 23 Montclair, N. J., will vote on the manager plan; on November 6 Toledo and Sidney, Ohio, Schenectady, New York, and Chicopee, Massachusetts, will take similar action; Norfolk, Nebraska, will vote on the question November 27. Portland, Oregon, may vote on a council-manager charter this fall. In Little Rock, Arkansas, petitions for a referendum on the manager plan were filed on August 29. Braintree, Massachusetts, will vote on March 4, 1935, on a council-manager charter approved by the state legislature. Cleveland, Ohio, is considering changes in the present mayor-council charter; it is not expected that the movement for a return to the council-manager plan will become active until the question of county consolidation is decided at the November election.

In June, Stockton, California, defeated by a two-to-one vote a proposal to change from the council-manager plan to a commission with an elected manager. In July, New Ulm, Minnesota (population 7,308), defeated a proposed manager plan by a vote of 930 to 902.

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Housing Officials to Meet.—The annual meeting of the members of the National Association of Housing Officials will be held in Washington, D. C., on Saturday, October 13. There will be reports by the three European housing experts, referred to in the September REVIEW at page 478, of the impressions of their fifty-day tour of twelve cities, where they will have conferred with housing leaders from thirty communities. Representatives from various cities will report on progress and problems in their local programs. Staff heads of the federal housing division will also discuss informally the accomplishments and hopes of their division.

Cities May Build Under Federal Housing Act.—The Federal Housing Administration has announced that municipalities may take advantage of the federal housing act to make municipal improvements, provided that such municipality is authorized or empowered to enter into an obligation for such purposes, and that the other qualifications set forth in the regulations are present, but no loans can be made to exceed the maximum of $2,000 on any one piece of property.

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A New Charter Proposed for Norwalk, Connecticut.—The people of Norwalk, Connecticut, are now considering the adoption of a charter prepared for the municipal charter commission by the Municipal Consultant Service of the National Municipal League. This charter provides the city manager plan of government in practically the terms of the model city charter of the National Municipal League (but not including proportional representation).

The city council is to be composed of seven members, elected at large for a four-year term, four at one biennial city election and three at the next. The candidate receiving the greatest number of votes is to be the ceremonial mayor and presiding officer of the council.

Nominations for all elective city offices are to be by petition. Any ten electors of the city may propose a candidate for any office by filing such proposal with the city clerk and paying a $15 filing fee to be returned if the proposed candidate is nominated. The city clerk is to prepare the petitions, which may be signed at his office by any qualified elector. No one may sign more petitions for any office than there are places to be filled at the ensuing election. Signatures equal to 5 per cent of the greatest number of votes cast for a candidate for the same office at the preceding election are necessary for nomination. A plurality elects.

The budget of the elected board of education must be adopted by the council before becoming effective.

A serious complication in the way of a manager charter for Norwalk was threatened by the practice in Norwalk and other Connecticut cities of having a board of estimate and apportionment. Provision has been made for such a board consisting of the mayor and four electors to be appointed by the council on the recommendation of the manager. This board is to consider the manager's budget and recommend appropriations. The council may not appropriate more money for any purpose than is recommended unless such increased appropriation receives seven affirmative votes at a joint meeting of the council and board. It is believed that the board of estimate will not seriously interfere with the manager's responsibility to the council but will act rather as his advisory body.

Provision is made for a modern accounting and budget procedure following rather closely the provisions of the model charter. A city planning commission is set up with broad powers in respect to planning and zoning. The initiative and referendum are provided; a 10 per cent petition of the vote cast at the last city election is necessary to initiate an ordinance and a 15 per cent petition to force a referendum.

The proposed charter continues the ownership and operation of the present public utilities—including two water works and two electric plants—by various taxing districts to which they now belong, subject to their being acquired by the city by agreement with the districts. Police protection is to be given to the whole city instead of only to the older sections as at present. Garbage collection and sewer service are to be paid for by service charges. Fire protection, including hydrant rental, is to be chiefly on a special assessment basis. Spreading the cost of these services in the manner provided will permit their extension into thickly populated sections not now served. The council, on the petition of a majority in number and interest of the property owners in any area, may also create special assessment districts to pay for street lights or other public services not otherwise available.

Eugene M. Reed

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Ohio—County Home Rule Progress.—The county reorganization movement is progressing much more rapidly in Ohio than its supporters anticipated when a year ago they secured the adoption of the county home rule amendment to the state constitution. Taking advantage of their new powers, all of the eight large urban counties of the state are voting this November on the election of charter commissions. These include the counties in which Cleveland, Cincinnati, Akron, Canton, Columbus, Dayton, Toledo, and Youngstown are located.

In no case thus far has it been necessary to resort to initiative petition to place the charter question on the ballot. In all cases where the issue is now before the voters the county commissioners themselves have submitted the question. In Lucas County (Toledo) the commissioners took the initiative only a few weeks after the adoption of the constitutional amendment, and in Cuyahoga County (Cleveland) they early informed the leaders of the movement that as soon as requested they would take the necessary action. In general, commissioners in urban counties have recognized the popular interest in county reform and decided that it would be poor politics to oppose the movement. In a few instances they have been outspoken advocates of reorganization. Only in Youngstown was it necessary to threaten the circulation of initiative petitions to force the commissioners to submit the proposition.

Under the procedure laid down in the Ohio amendment, where the issue has been submitted the electors will vote on the question "Shall a county charter commission be elected" and on the same ballot select the members to constitute the commission if the question carries. In all cases a representative citizens' committee has been organized to direct the campaign and present a carefully chosen slate of charter commission candidates. In Cleveland, the Regional Government Committee, which has conducted the county home rule campaign for several years, is leading the movement. In Dayton the League of Women Voters took the initiative in bringing forward the issue, and in Columbus, Toledo, and Youngstown the Chamber of Commerce played a similar role. In most cases a definite effort has been made to secure generous representation for the suburban and rural sections of the county, both in the committee sponsoring reorganization and in the slate of charter candidates. While it would, of course, be foolish to predict the results, there seem to be good prospects of the election of charter commissions in a majority of the eight counties. In all but one of them the county home rule amendment carried last year by overwhelming majorities, in most cases by about two to one.

Thus far rural counties have shown but mild interest in the modernization of county government. However, a change of attitude appears to be going on. Last year the rural population voted about two to one against the home rule amendment, largely as a result of an active campaign waged by county and township officers and the small-town papers which depend heavily on public advertising. If the large counties make wise use of their home rule powers, progress can probably be made with county reorganization in rural counties, but it will undoubtedly be very slow.

In addition to the charter procedure, the Ohio amendment authorizes the enactment by the legislature of optional plans of county government. The preparation of this legislation was turned over by the governor to a special commission headed by Charles P. Taft, 2nd, of Cincinnati, who led the home rule fight. This commission has conducted a careful study of county reorganization problems and expects to report in the late fall. While its primary responsibility is the drafting of optional plans, it necessarily has had to face the same problems which will confront the locally-elected charter commissions, and its work should be of considerable assistance to them. However, as the large counties are proceeding by charter, the optional plans submitted by the governor's committee will be based more definitely on the needs of medium-sized and rural counties.

R. C. Atkinson

Governor's Commission on
County Government

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Oregon—Relief Funds Made Available for Research in County Finances.—There has been released by the SERA authorities approximately $30,000 with which to make a detailed study of the finances of all Oregon counties and cities. The work is to be done under the direction of the Bureau of Municipal Research of the University of Oregon, Herman Kehrli, director. It is the intention of the bureau to use local county talent for the detailed fact finding, but to secure a number of supervisors to direct and coördinate their work.

Funds have been made available from the same source for a study of tax delinquency in thirteen counties. This study, already under way, is being directed by Professor Andreesen of Oregon State College.

Drastic Tax Limitation.—A most significant event affecting the government of Oregon counties is the completion and filing of an initiative petition which places on the coming November ballot a drastic tax limitation amendment to the constitution. It is a measure which proposes to limit the general property tax rate for all purposes, except existing debt charges, to twenty mills in 1936. This limit slides downward at the rate of one mill a year until in 1941 the maximum levy cannot exceed fifteen mills on a 50 per cent true cash valuation. Of this fifteen mills the county levy may not exceed 25 per cent or 3.75 mills. This means so drastic a curtailment of county expenditures that it is very doubtful if even the statutorily imposed expenditures could be met in many counties under such a limitation. All local government agencies—city, county, and school district—will be thoroughly crippled in carrying on even the primary functions of government if this measure passes, and it stands an excellent chance of adoption. It is true that there is a clause permitting a county or city or school district to exceed this limit provided two-thirds of the voters approve an additional levy. That is a very difficult majority to attain. The measure was sponsored originally by the Portland Realty Board, and has since secured the backing of many other groups. In view of the mood of Oregon property tax payers, as indicated by the extraordinary record of delinquency this state has attained, it is very probable that the measure will be adopted. County, city, and school district officials of this state face a catastrophic situation.

Charles McKinley

Reed College

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Montana — Amendment to Consolidate County Offices.—In March 1933 the 23rd legislative assembly of Montana passed an act providing that there be submitted to the voters of the state an amendment to section 5, article XVI of the constitution, granting the board of county commissioners the power to consolidate county offices. This amendment will be voted upon at the coming general election in November.

If the amendment is approved, the board of county commissioners in any county may, in its discretion, consolidate any two or more of the following offices: county clerk and recorder, sheriff, treasurer, superintendent of schools, surveyor, assessor, coroner, and public administrator. The board, if it wishes to consolidate any offices, must do so six months prior to a general election held for the purpose of electing the above mentioned officers, and publish notice to this effect for a period of six weeks in a newspaper circulated generally in the county.

The proposed amendment gives the chief executive or policy-forming body of the county an opportunity to correct one of the principal weaknesses of county government as it is organized in Montana, namely, extreme departmentalization. Expenditures for county administration in Montana amounted to $3,243,000 in 1933, a reduction of only 1.4 per cent from the year previous, while total county expenditures (county and trust and agency combined) declined 17 per cent, and expenditures for strictly county services 11 per cent. From this it would seem that perhaps county administrative expense has reached its approximate minimum under the present organization, and that before any appreciable reduction can be secured the administrative set-up must be changed. The proposed amendment to consolidate county offices is a step in the right direction although it is regrettable that it does not make certain consolidations compulsory. For example, the offices of assessor, clerk and recorder, and treasurer should be combined into one office called "finance" so that the taxing function from assessment and calculation to collection would be performed by one office.

Gallatin County Manager Movement.—Due more to a failure to push the matter than to anything else, the requisite number of signatures required to place Gallatin County's manager petition on the ballot was not secured. The Montana law governing such matters states that petitions to be voted on at a general election must be filed not less than sixty days or more than ninety days from the time of the election. As the sponsors did not realize this fact until it was too late, the adoption of the manager plan did not come to a vote on July 17 as was anticipated.

Roland R. Renne

Montana State College

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Texas May Amend Constitution to Permit County Consolidation.—A constitutional amendment will be voted on by the people of Texas in November which would permit the legislature under certain limitations to abolish counties and to combine two or more such units. A more questionable provision of the proposed amendment would permit the legislature to create new counties.

Meantime the county seat of Loving County, the smallest of the 254 in Texas, grows famous for its governmental facilities. A recent newspaper feature story reads in part as follows: "Mentone (the county seat of Loving County) enjoys the distinction of having the smallest courthouse and the smallest jail in the world. Its district courtroom is in the rear of a long, corrugated iron covered building, with a drug store in the front portion. The courthouse, erected in 1931 at a cost of $3,000, houses the clerk's and sheriff's offices, with a brick vault for the county records. The jail, a one-room affair which is seldom used, is about the size of a single car garage."

Roscoe C. Martin

University of Texas

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Tennessee—TVA Will Not Coerce.—Dr. Arthur E. Morgan, Chairman of the Tennessee Valley Authority, in a recent article said: "Of course, the Tennessee Valley Authority has no control over county governments in the region except by suggestion and fact-finding. We can find the facts and say, 'Your officials are working for you less than 10 per cent of the time. You could consolidate five or ten counties into one so that those people could be working full time. If you still want to pay the taxes, you could pay them for things more vital.' If we did that, then we have done our part.

"However, our suggestions along that line already seem to be taking effect. There are strikingly different ways of approaching that problem. One approach is to say that the county is becoming an artificial and needless political unit. Another was adopted in Ohio at the last general election, as an amendment to the state constitution. It gives counties local self-government—so that a county can change its form; it can unite with another county; it can set up a county manager government; it can absorb the city or township government; it can work out its own destiny as an independent unit. It becomes not the least, but the most important unit of local government.

"There are two solutions. In one the state imposes its government; in the other it gives the counties freedom to reorganize themselves.

"So, whether we start from home rule counties, on the one hand, or from state dictation on the other, we will gravitate to a balance at the same point."

Frank W. Prescott

University of Chattanooga

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Missouri — Working Toward Uniform Accounts.—A real beginning has been made in the installation of uniform county records. The new system is based upon information, blanks, forms, and other records which the auditor secured from practically all counties of the state. Consequently it contains little that is new, but rather makes uniform the better systems already in use. At present a member of the auditor's staff is going from county to county to assist the officials with the new system. Having completed his work in more than half of the counties, he reports very satisfactory progress.

The state auditor has not devised a uniform annual financial statement, for it must be based upon the uniform system of accounts which is now being installed. A more serious obstacle is another law which requires entirely too many details to be published in the statement. It is hoped that this law may be repealed by the next general assembly and a more flexible one enacted. If so, the auditor should be able to devise a simple statement showing functional costs. One would then be able to secure comparable financial data and devise an intelligent economy and efficiency program for Missouri counties. Heretofore, official records, financial statements, and fiscal years have varied from county to county, making reliable comparisons impossible.

William L. Bradshaw

University of Missouri

Wisconsin—Zoning Proceeds in Northern Counties.—The movement towards county zoning in the state of Wisconsin is rapidly advancing. Eight northern counties now have zoning ordinances in effect. Fourteen others are in the process of drawing up such ordinances and it is expected that at least five to eight of these will carry the process through its final stages at the November meetings of the county boards of supervisors. County zoning in Wisconsin is based upon a 1923 statute which empowers the county board of any county to pass a zoning ordinance regulating the use of land for agriculture, forestry, and recreation. The ordinance may also govern the location of roads, schools, trades and industries, and the location of buildings for specified uses. The county is the natural district for zoning in this state by reason of the fact that tax delinquent lands revert to the county.

In drawing the lines of the various zones, the county board must obtain the consent of each township board as far as the ordinance affects that township. Consent to amendments must be obtained in similar manner. A 1931 amendment provides that the approval of the township board need not be secured in order to zone lands owned by the county. There have been a few instances where township boards have refused to approve restriction but this has not retarded the movement.

In 1927 Milwaukee County adopted a zoning ordinance, but this particular ordinance was to meet an urban situation. The first county zoning ordinance in this country involving rural, undeveloped land, essentially, was that enacted in Oneida County, Wisconsin, in 1933. Since that time the movement has rapidly expanded and with the enactment of ordinances in the counties where such action is now under consideration the forested regions of the state will be almost completely covered by this type of regulation.

The zoning ordinances provide for three types of districts, the forestry district, the recreation district, and the unrestricted area. The ordinances do not, following the state law, attempt to prevent the continuance of a nonconforming use of buildings, lands, or premises existing at the time the ordinance becomes effective. However, if such usage is discontinued, further use must conform to the zoning regulations.

Enforcement of the ordinances is under the county boards. Penalties for violation include fines of from ten to two hundred dollars, or imprisonment from one day to six months until the fine and costs are paid.

A number of causes contribute to the strength of the movement. The state conservation commission has been interested in fire protection for the northern forests. Tax delinquency in these northern counties has been high and county boards are eager to lower the tax burden by doing away with the costs connected with the care of remote agricultural settlers. The state government is financially interested because of the burden of state aids and the burden of relief charges in this area, particularly as much of this land is unfitted for farming. The state departments are able to exert financial pressure on county boards, but, for the most part, full initiative has been left with the local officials and very satisfactory results have been obtained. The state College of Agriculture and the conservation commission have coöperated in the preparation of studies of these counties as to financial conditions, and forest and soil factors. Other state officials have aided with the school problem which is an important factor.

Counties now under zoning ordinances include Oneida, Vilas, Marinette, Langlade, Iron, Douglas, Sawyer, and Eau Claire. In the following counties such ordinances are in the process of formation: Oconto, Forest, Price, Ashland, Bayfield, Washburn, Burnett, Clark, Wood, Juneau, Rusk, Lincoln, Polk, and Florence.

Township Consolidation.—A statute passed by the legislature in the regular session of 1933 provides for the consolidation of adjoining townships by a referendum vote. Two or more adjoining townships in the same county may be so consolidated by a vote of two-thirds of the qualified electors voting in each of the townships concerned. The referendum must be initiated by identical petitions of the owners of two-thirds of the taxable property in each township. The results of the referendum are to be automatically carried into effect. Although this slight recognition by the legislature of the need for township consolidation is welcome enough, the majority requirements are much too difficult. So far as is known, no referendum under this law has as yet taken place.

LEE S. GREENE
University of Wisconsin

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Buffalo Launches Pay Your Taxes Campaign.—With some 20,000 taxpayers delinquent to the extent of about $9,500,000, the city of Buffalo will conduct a Pay Your Taxes Campaign through the month of October. The campaign will be directed by the Buffalo Junior Chamber of Commerce, in coöperation with the city treasurer's department. A special committee of the Junior Chamber of Commerce has been studying the tax delinquency situation for some time.

In addition to educating the taxpayer to the necessity of paying taxes and the part played by them in securing the services he demands, the drive will publicize a recent bill passed by the city council permitting the installment payment of delinquent taxes over a period of five years. The chairman of the directing committee, Mr. Denton A. Fuller, Jr., writes:

"To date a few of us have been working on some of the larger delinquents, and also some press releases and radio appearances have called the campaign to the attention of the public. With this minor effort, before the real publicity has been inaugurated, it has been possible to show a collection in cash of over $1,250,000; and over 1,600 of the delinquents have signed up to pay on a five year installment basis."

The campaign will begin officially October 1.

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Rochester Collects Delinquent Taxes.—At the close of business December 31, 1933, unpaid taxes in Rochester, New York, with delinquent special assessments added to general city taxes in prior years included, amounted to $7,112,700. During the eight months ending September 1, slightly over $2,000,000 in delinquent taxes were collected, and we hope to exceed three million before the end of the year.

This showing, to a certain extent, has been accomplished by the efforts of a special committee consisting of various department heads, appointed by the city manager last February. The committee meets weekly and shortly after its organization put on a drive to compel the payment of delinquent taxes on income-producing properties, such as apartment houses, stores, double houses, Boston flats, etc.

Apartment houses were the first to receive the attention of the committee. A survey showed some in arrears as far back as 1926. Today, out of 259 apartment houses, not more than twenty-five are in arrears over one year, only three over two years, and none over three years. Incidentally, of the three in arrears over two years, two are making substantial monthly payments and action will be brought against the third shortly.

The results were obtained by various methods. Form letters were sent out by the committee and these were followed by other letters and telephone calls. If no attention was given to these communications, the cases were turned over to the corporation counsel's office, which proceeded to bring action either by foreclosure, supplementary proceedings, or by suit. Splendid coöperation was given by the local press, which gave plenty of publicity to the work and accomplishments of the committee and to these suits. Only two actions got beyond a tentative stage and both of these were settled by the taxpayers before actually reaching court.

The work of the tax committee was greatly aided by the action of the city council, taken last February, in reducing the rate of interest and penalties on back taxes to 6 per cent, during a period from March 1 to August 1, provided the 1934 taxes were paid in full. Another effective method employed was in contacting mortgage holders. We found that in the majority of cases, except in the case of banks or other institutions, mortgagees as a rule were very lax in checking to see if the taxes were paid. Naturally, when they learned of liens underlying their holdings they were very anxious to have the taxes cleaned up, and in many instances forced payment.

The tax cases considered each week by the committee are in the shape of statements obtained from the records in the treasurer's office, showing the owner, location, assessed valuation, and the amount of unpaid taxes against the property, and are supplied by trained workers who can, if necessary, check records in the county clerk's office for mortgages, etc.

As already stated, we attribute a large part of our success to the splendid publicity given to our work by the local newspapers.

Paul B. Aex, Comptroller
Rochester, N. Y.

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New Revenues for New York City.—As this goes to press final action is yet to be taken in providing new revenues to meet New York City's share of the relief burden during the coming year. The city must raise approximately $50,000,000 in additional revenues. Mayor LaGuardia has signed two of the three bills enacted September 17 by the board of aldermen, with the comment that a law on the books is worth a dozen in committee. Bankers insist that more adequate taxes must be provided, however, and it is expected that additional measures will be adopted after further negotiations.

The bills signed by the mayor provide for a net income tax of 15 per cent of the federal tax on incomes earned in the city in 1934, and for a gross receipts tax of one-tenth of one per cent—one-fifth of the previously proposed levy—for businesses of over $15,000 annually. The municipal lottery plan appears to have been definitely abandoned. The two new revenues are estimated to provide not more than $20,000,000.

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The city council in Grand Rapids answered a proposal by the Real Estate Board that there be a 90-day tax penalty holiday by offering a compromise interest rate of 5 per cent on delinquent taxes paid up by December 1.

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Scranton, Pa., is reported to be considering taking recourse to a state law permitting the attachment of rents paid to landowners who are delinquent in payment of their taxes.

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The drought may increase tax delinquency in Minnesota this year, thinks the Minnesota Taxpayers Association.

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In a recent decision the Norfolk County Circuit Court upheld an amendment to the charter of the city of South Norfolk, Virginia, providing that salaries of tax delinquent city employees be withheld and applied to payment of the back taxes.

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The town of Greenburgh, N. Y., has collected over half of its delinquent 1933 taxes, it is learned. Over 70 per cent of the 1934 levy had been collected, also, by the end of August. Town officials have been industriously contacting delinquents, providing plenty of publicity, and taking legal action when necessary.

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In Alabama a movement is afoot to have the federal government reimburse Lawrence and Winston Counties for taxes lost through the purchase by the government of extensive land areas for flood control, power and navigation development, and forestation. Though the counties will receive 25 per cent of the receipts from the sale of timber, no income is received at present.

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Bids on some $4,688,000 par value municipal bonds, advanced by cities as security for Public Works Administration project allotments, were received by the Reconstruction Finance Corporation on September 12. Of the twenty issues involved, seventeen were sought at prices above par. The total premium was about $92,000, the bonds bearing 4 per cent interest coupons.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Toledo Votes in November.—Submission of Toledo's city manager P.R. charter at the November election is now assured. Sufficient signatures have been filed and the city council has taken the necessary action to have the amendment put on the ballot.

There is also assurance that for the first time in Toledo's history the issue will not be clouded by the submission of an alternate charter. It will not be possible for the opposition to submit an alternative plan at this late date. The vote, therefore, will be a clear-cut decision for or against the city manager charter with the council elected at large by proportional representation.

The proposed amendment appears to have by far the best chance of adoption of the city manager proposals that have been submitted to vote in Toledo. There is no newspaper opposition, all three papers having committed themselves as favorable to the plan. There is, however, a prospect of active opposition to the proposal from several organized groups, all of whom base their antagonism on their dislike of the method of election. One of these groups is the Central Labor Union which recently adopted the recommendation of a committee whose chairman has constantly opposed P.R. for several years.[1] Opposition is developing also in East Toledo and in the two Polish districts where narrow sectionalism has produced a desire for retention of the ward system of election. The Republican organization will probably conduct an under-cover campaign against the amendment, but it is unlikely to oppose it openly.

An active campaign is to be conducted for the amendment by a men's organization and a women's organization, modeled after the Cincinnati campaign.

WENDELL F. JOHNSON

Toledo

On the same day that Toledo votes on its P.R. city manager charter, Lucas County, which includes it, will vote on the question, "Shall a county charter commission be chosen?" The question naturally arises whether, if both proposals carry, the county will follow the city's lead in the construction of its charter, as recommended in the specifications for a model form of county government of the National Municipal League, and gain the distinction of being the first P.R. manager county in the United States.

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City Manager Hopkins on P.R. in Cleveland.—Prior to my election as city manager, I had no special knowledge of proportional representation and had no share in securing its introduction in the city of Cleveland. But my actual experience with that system of elections clearly indicated that it produced a great improvement in the quality of the council of the city of Cleveland.

I feel sure that no person familiar with the make-up of city councils in the city of Cleveland prior to and subsequent to the time it was in use would dissent from any one of the following propositions:

1. The five councils elected under the proportional representation system are most clearly representative of the whole body of voters. Every group in the city which contained a number of voters equal to 4 per cent (the council consisted of 25 members) was either directly represented in the membership of each of those councils or represented by at least one person who belonged to some connected or affiliated group. For example, the Slavic groups, which are large, always had a membership in the council corresponding to the size of their groups as a whole, but the individual members sometimes came from one sub-division of the group and sometimes from another.[2]

2. The quality of the council was definitely better than it was before proportional representation or is now.

3. Because of the fact that every considerable minority was assured its representation under this plan of election it was hard to find any person who had not voted for some one of the group that was elected from his district.

4. The net result of the operation of the proportional representation system in Cleveland was that any voter could find at least one member of the council who would have a special interest in him and an understanding of his problems because of having come from the same group or a related group.

From actual and intimate experience with four of the five councils elected under the proportional representation plan,[3] I have no hesitation in saying that we found it the ideal plan for use in a city composed of many diverse groups and we also found that it brought out of these groups a better type of representation than had previously come from them.

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[1] This is an unusual position for organized labor to take. Ordinarily the certainty of bona fide minority representation under P.R. appeals to it strongly, as in Pennsylvania and California, where the state Federations of Labor have backed optional P.R. legislation actively, and in the cities which use P.R. in western Canada.—Ed.

[2] It was of course not necessary to vote on racial and nationalistic lines. It was clear from the result sheets that a majority of the voters did not do so and there were a number of striking instances where large numbers did not do so when they might have been expected to. There was, however, an assurance that the voters of minority groups would get the representation they wanted on some basis, and so could not be discriminated against, which did much to remove inter-group friction and promote the city-wide viewpoint to which Mr. Hopkins testifies later in this statement.—Ed.

[3] Mr. Hopkins was city manager during the first three terms and a member of the council himself during the last one.—Ed.

But while these councils were so clearly representative of groups, the group representatives were most zealous in the promotion of everything advantageous to the city as a whole. They showed less disposition to act on purely local or group lines than their predecessors and were more devoted to the general good of the entire city. Neither in the elections nor in the framing of city policies was there ever any assertion of group interest to the detriment of any other group or of the city as a whole. The period covered by the councils elected by proportional representation was the period of greatest municipal progress and development in the history of the city of Cleveland.

The one serious objection to the operation of the proportional representation system in Cleveland arose from the belief held by a good many people that the counting of the votes did not always conform to the rules laid down by the system. In other words, most of the opposition to the system was due to the actual operation of the board of elections rather than to the make-up of the council elected under it. The danger of improper operation of the central count was almost wholly removed by the rules for supervision introduced in the later elections, similar I understand to the safeguards now recommended for the charter of New York. The final abandonment of proportional representation in Cleveland was only an incident to the abandonment of the city manager plan.

In my opinion, after everything had been said which could possibly be said against the method itself or the manner of operating it, the fact remained that it gave us better and more representative city councils than we had before or since, and I feel sure that I am correct in saying that the dissatisfaction with the present operation of the city government is creating a situation which insures the return of the proportional representation system in the comparatively near future.

William R. Hopkins, city manager of Cleveland from January 1924 to January 1930, statement submitted to the New York City Charter Commission, July 24, 1934.

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Politics and Crime.—The same power that warns policemen and detectives to "lay off" racketeers and other big criminals is the power that indirectly appoints detectives too stupid to catch the criminals even if they wanted to.

The solution is not a simple one. The cause lies too deep in our national indifference toward corruption, whether it is found in politics or in business. But the greatest single step that we could take would be to break the grip of machine control, and that cannot be done permanently in the cities until they adopt a form of government in which the final power rests in a council or board elected by proportional representation. Only by proportional representation will minority elements be able to take a constant part in city government; only by such representation can the grip of machines, with their solid block of interested votes, be permanently loosened; only such representation will provide constant opposition to the more flagrant forms of inefficiency and corruption. Not until our city governments are reformed can we hope to win anything but temporary and minor victories against the racketeer.

The Nation, New York,
Editorial, August 30, 1933

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

New England Council.—During the past three years the New England Council through its community development committee has endeavored to promote governmental efficiency in New England communities through an educational campaign designed to interest the taxpayers and voters in problems of government.

To find out what has been accomplished during this period in the way of a greater return to the taxpayer per dollar expended, a questionnaire was sent out to the mayors of all cities, chairmen of boards of selectmen in all towns of 2,500 or greater population, and to more than two hundred taxpayers' associations and chambers of commerce in the principal cities throughout New England.

This questionnaire posed such questions as: Has there been any change in your general form of government during the past three years? Any elimination or consolidation of departments? Has centralized purchasing been established?

Replies have been received from 142 communities representing 47 per cent of the total population of New England. Eight communities reported a change in their form of government, three adopting the city manager plan, one the commission plan, and four changing from open to representative town meeting. Fifteen communities reported the elimination of one or more municipal departments and twenty-six reported that consolidations had been effected. Twenty-two cities have a centralized purchasing system; in sixteen, purchasing is partly centralized.

The biggest changes in administration have taken place in the welfare field. Eighty-six communities plus all communities in New Hampshire have made definite changes in their welfare departments. In New Hampshire the state took over the entire task of organizing and directing welfare administration.

A general violation of the principles of sound budgetary procedure was revealed in the answers to a series of questions on this subject. In only one-third of the communities does the budget document include the anticipated receipts and expenditures of all funds. About two-thirds of the communities find it necessary to pass supplementary appropriations after the budget is closed and more than two-thirds report that the budget is not readjusted during the year to avoid deficits when tax delinquency runs higher than anticipated. Only three communities use a system of monthly or quarterly allotments.

Another interesting series of questions dealt with personnel matters. Only eleven of the 142 reporting towns have a civil service commission or personnel administrator, and in thirty-seven communities it was admitted that appointments were on a strictly partisan basis. Only eighty communities have pension systems for other employees than school teachers and of these systems all but thirty-four are non-contributory.

In spite of these obvious and serious shortcomings of local government in New England there is certainly no reason to believe that any other section of the country would make a better showing. And it is encouraging to note that in the composite judgment of citizens and officials eighty-one towns had made definite improvements in administrative efficiency during the last three years.

Syracuse Research Committee.—Syracuse has long been noted for the lack of any disinterested civic agency for municipal or governmental research. This is the more surprising when the city is compared with others nearby—Rochester, Buffalo, Schenectady. The recent wave of interest in governmental affairs, stimulated by economic conditions and the high current levels of taxation, has been strongly felt in Syracuse, however, and it has led to the establishment of a municipal research agency which has the appearance of permanence.

The genesis of this agency is unique. Taxpayers' leagues and various types of civic organizations and clubs usually sponsor such bureaus, but here the local Technology Club gave the movement its impetus. President Paul Hueber, architect, in an address to the club on May 10, 1932, pointed out the close relationship between the construction industry and taxation. He urged that the club widen its aims to seek better government, and he emphasized the need for the application of the scientific attitude and the development of basic facts in order to secure economical and efficient administration. The Technology Club's civic affairs committee thereupon organized a subcommittee called the government research committee, with Mr. Hueber as chairman, and composed of architects and engineers. Several club members volunteered their services for nominal compensation, and a report was made on the work and costs of the Syracuse grade crossing commission.

It quickly became apparent that the scope of this project was so broad as to constitute a community problem, and civic groups of all sorts showed a keen interest. It was decided to create a Syracuse Research Committee independent of the Technology Club but still drawing heavily upon engineers and architects for membership. Mr. Hueber continued for a time as chairman, and was later succeeded by Mr. Howard Swartz, a certified public accountant. Members of the staff of the School of Citizenship and Public Affairs of Syracuse University were called into consultation, and sufficient funds were subscribed by individuals and corporations to provide a bare subsistence wage for unemployed professional people, who were engaged to develop a mass of statistical data concerning government operations. Two large reports, covering the schools and public welfare, were completed, together with several smaller reports on annual budgets and the like. These were made available during the summer of 1933.

However, it was felt that these reports were not receiving sufficient circulation, that they required implementation from a group of responsible citizens. In October, 1933, a meeting was held to make plans for the formation of a citizens' council for constructive economy. At that meeting a committee was created which has been working ever since to obtain precisely the proper organization to sponsor the program. Originally the plan was to obtain a hundred members willing to take an absolutely nonpartisan stand on community questions, but the goal was attained so easily that the membership has now been expanded to 180. The Syracuse Research Committee is entirely separate from this citizens' council, but it anticipates strong moral as well as financial support from the council and its membership. The prospects are very bright for the continuation and further development of the Syracuse Research Committee as a force for the improvement of municipal administration.

Robert F. Steadman

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Bureau of Governmental Research of New Orleans.—Since last December, the Bureau has been engaged in a survey of the police department. Four reports have been completed and approved by the board of directors which recommend a redistribution of the patrol force, so as to take approximately 100 men from house duty (overhead) and put them on beat duty. The Bureau also recommends the reduction of the number of police stations from eleven to four. All of the eleven stations have at least one other within three miles distance, while five of them have one other within one mile distance. These small areas are ridiculous, particularly with a radio patrol service augmenting foot patrol.

An investigation of the brake tag used in New Orleans reveals that an expensive patented device now in use costs the city approximately $15,000 more annually than an inexpensive sticker would. The Bureau is appreciative of the action of a majority of the members of the commission council in promising to substitute next January an inexpensive brake tag, thus saving the city $15,000 annually.

The Bureau has completed an organization chart of New Orleans, revealing forty-nine elected officials, five branches of city government, fifty boards and commissions, and 7,608 city employees. It is doubtful if a more complicated and loosely knit governmental structure for a city exists anywhere in the United States. Incidentally, this is the first organization chart drawn since 1921.

Harold A. Stone

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New Bedford Taxpayers' Association.—During the last few years the Association has been fostering legislation which would change the condition in New Bedford which requires the city to borrow on tax anticipation notes for about ten months' operation. This condition is due to the fact that the fiscal year begins December 1 and taxes are not due until the following October. As the result of the work of the Association, legislation has been passed changing the date of assessment from April 1 to January 1 and making taxes payable semi-annually, in June and October. At the same time the fiscal year has been changed from December 1 to January 1 giving the city the right to borrow sufficient money to take care of the thirteen-month year which will result from this change.

The Association recently made a detailed study of tax abatements. In the last few years these have become quite a factor in the tax rate, because the abatements from the previous year must be relevied. This study shows that abatements now amount to almost 5 per cent of the taxes levied and that about 20 per cent of the abatements is due to widows' and veterans' exemptions. It is hoped that with this information at hand some changes may be made in the procedure for abatements.

The Association has continued to publish from time to time the facts about New Bedford's finances. A report made in March on the finances for 1934 pointed out how impossible it was to restore any pay cuts this year and was effective in forestalling such action.

The Association is now making a study to determine what effects the ERA and PWA work has had upon welfare expenses. The expenses have been reduced, but at the same time material has had to be purchased for the ERA projects and many of these projects while desirable will certainly increase operating costs in future years.

Hart Cummin

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

The Sales Tax in the American States. By Robert Murray Haig, Carl Shoup and Staff Associates. New York, Columbia University Press, 1934. 833 pp. $4.50.

For the past three years general sales taxation has been a paramount issue in American public finance. In 1932 the sales tax movement was fought and defeated in the national arena and for the past two years the issue has been predominant in state finances. Scarcely a state legislature has escaped a wrangle over the merits of the levy. In many states the issue is still by no means settled, but may continue to be a bone of contention for several years.

For this reason the timely appearance of the comprehensive study of the subject by Columbia University economists is particularly fortunate. The numerous recently enacted sales tax laws have been hastily adopted by the states with little precedent for their establishment. The result is that something comparable to laboratory experimentation is being carried on in approximately a score of states.

The authors set themselves the monumental task of making a searching analysis of these various state laws, the financial conditions into which they fitted, the propaganda groups advocating and opposing them, and the legal and administrative problems resulting from them. The result is a great mass of up-to-date and pertinent information on sales taxes in the American states. The study will prove an extremely useful reference book to individuals and groups concerned with tax developments.

Two factors which have received a large share of the discussion of the tax deserve special note—where the burden falls and the cost of administration. In certain areas which were made the subject of intensive investigation it was found that shifting of the tax was more widespread among large retail firms than among small ones. A tax at a high rate was more likely to be shifted to the consumer than one at a low rate. "In Georgia, owing to the low rates of the tax, virtually none of the burden was shifted to consumers. In Pennsylvania, as a result both of the low rate and the short life of the tax, shifting was apparently uncommon. Judging by replies of retailers in New York State, a majority of the small retailers have not succeeded in shifting the 1 per cent tax, but most of the larger outlets have been fairly successful, and manufacturers and wholesalers (taxable only on their retail sales) have absorbed very little of the burden. The 3 per cent rate in Illinois, Michigan, and North Carolina seems to have been high enough to force shifting in most instances, and under the 2 per cent rate in Illinois, about half of the taxable retailers interviewed reported shifting part, or all, of the tax. . . . It is evident that the tax burden represented by failure to shift is very unequally distributed over various types of business. It is also very unequally distributed with respect to size of business; as the size of firm increases, the percentage of firms reporting shifting increases decidedly." Customer resentment and severe competition were the most commonly cited causes for failure to pass the levy on to the buyers. The cost of administering the tax is estimated to range from 1 to 4 per cent of the revenue from the tax, the figure for most of the states being between 2 and 3 per cent.

In evaluating the sales tax as a state fiscal measure the author declares: "The chief argument of those who have favored the tax has been that, by the sales tax and by this means only, could a large amount of current revenue be obtained under such financial and economic conditions as have prevailed during the past few years. It is at least doubtful whether the sales tax has offered the only solution, in view of the possibilities, as yet largely unexplored, of an efficiently administered state personal income tax with low exemptions and high rates. If it be true that there has not been enough net income to support government on that basis, then it follows that the sales tax is being paid out of accumulated capital, and hence there is the possibility of using some other form of capital tax designed to avoid the defects of the sales tax. . . . In the writer's opinion, the sales tax as an emergency form of revenue, and certainly as a permanent part of any state's tax system, marks an unnecessary and backward step in taxation."

Mabel L. Walker

*

Government and Finances of Hamilton County (Tenn.). By Frank W. Prescott. Chattanooga, University of Chattanooga, 1934. 62 pp.

The University of Chattanooga has started the publication of a series of social science studies in accordance with its interpretation of its function to present the public with valuable information and intelligent opinions on important spheres of public interest. The first number, issued in July, is primarily devoted to the study of the home county of the University—Hamilton.

The author has grouped his material under the headings of structure, personnel and compensation, assessment of real property, finances and health activities, and in each section offers analyses and makes recommendations intended "to drive an entering wedge into the mass of statistics, conflicting opinions and factual data" to the end that such reorganization as will probably be inevitable may be accomplished on a sound and reasonable basis. He avoids recommending either county-manager government or complete city-county consolidation, but urges a number of measures closely allied to the latter. Other major changes advocated include the reduction of the power of the justices of the peace and the establishment of a strong state agency for supervising local government finance. There are also numerous suggestions for administrative organization and procedural changes. With such valuable documents as this, there seems no justifiable reason why Tennessee counties should continue in their reputation for backward government.

Other articles in this number of the *Bulletin* are "Property Tax Delinquency," by T. Levron Howard and "Quality of Chattanooga and Hamilton County Teaching Staffs" by Paul L. Palmer.

*

A Report of the Survey of the Finances and Management of the Government of Knox County, Tennessee. By the Tennessee Taxpayers Association, Inc. Nashville, Tennessee Taxpayers Association, 1934. 124 pp. mimeo. $2.50.

The Tennessee Taxpayers Association continues to distinguish itself by its thorough and valuable reports on the administration of the state's various governmental units. The method already established is followed in this report.

Based on an intensive personal investigation of the county's procedure and records, several major types of information are given. Pertinent financial data have been compiled and presented—income and expenditures, bonded and floating debt, and the tax base and levies. (Securing the figures alone is an arduous and laudable task.) The functions and personnel of the various offices are analyzed. Comparisons with other counties are made. Not the least important, of course, are the discussion of the defects general in Tennessee county government, and the recommendations for improvement in administrative procedure and inaugurating reasonable economies. Among the more important recommendations are the adoption of a detailed budgeting system and centralized accounting and disbursing, abolition of the fee system, improved delinquent tax collection, immediate retirement of floating debt, orderly refunding of near sinking fund maturities into serial bonds, and numerous specific methods of curtailing expenditures.

Similar reports have recently been prepared by the Tennessee Taxpayers Association on Grundy County, Washington County, and Greene County. Each of the four reports offers a mine of interesting and valuable information on its specific subject and broadens the background which will furnish the basis for progress in Tennessee local government.

California County Government Organization (Chart). By Martin S. Depper and Thomas S. Dabagh. Berkeley, Bureau of Administration, University of California, 1934.

This is an interesting chart showing in graphic form the organization of California county government under the state constitution and general laws. An enormous amount of information has been placed on this chart. A comprehensive legend is used to indicate whether the officers are elected or appointed, required or optional; whether compensation is fixed by statute; and other significant facts. At the bottom of the chart is a legible index to the constitution and to the laws and codes which now govern or control certain specific county functions and agencies.

The chart was prepared under the direction of Professor Samuel C. May.

ROBERT M. PAIGE

*

The City Manager Profession. By Clarence E. Ridley and Orin F. Nolting. Chicago, University of Chicago Press, 1934. 143 pp. $2.00.

A recent request from a city editor of a large city daily for all available information on the council manager plan is practically answered in this publication produced by the director and assistant director of the International City Managers' Association.

With the present rapid trend toward a more technical administration of local government and less emphasis on the legalistic and political phases, the publication of this book is most timely. Louis Brownlow, a pioneer among city managers, in the foreword of the book states that "it presents in concise and compact form the achievements and the aspirations of a new profession devoted to the social well-being of the inhabitants of American cities."

The authors have traced the city manager plan from its inception with the appointment of an executive "general manager" in Staunton, Virginia, to the present time with its 425 city managers in cities with populations ranging from 222 to 451,160. If it were desired to sell the council manager idea to any community the chapter first describing the idea of an appointive executive would certainly provide the ground work of information for the campaign. The authors have made a comprehensive analysis of the city manager's position. They show his relations to the various municipal officials and functions and follow this with a description of the desirable qualifications of a city manager as proven by the observation and experience of the profession in the course of its life.

This book will be of infinite value to new councils through the detailed guide in the selection of a city manager, and will also serve those who may be interested in city management as a life work. The study of the origins, experience, and personality of managers breeds hope for better administration for all cities.

The authors' work would not have been complete without mention of the association which has so ably guided and built up the profession while fulfilling its major purpose of aiding in the improvement of local government administration.

The leaders of any city in trouble, or any city manager who needs to revive his faith in his profession or himself should profitably digest this very complete work.

DONALD STUART SAMMIS

*

American State Government and Administration. By Austin F. Macdonald. New York, Thomas Y. Crowell Company, 1934. 839 pp. $3.75.

Professor Macdonald in his new textbook stresses the administrative aspects of state government. Accordingly, in addition to the descriptions of state organization and politics, the various broad activities of the modern state are separately discussed. The material is up to date with frequent references to the changes brought about during the year preceding publication, but the author carefully avoids undue emphasis on the developments he considers of temporary character. Like other volumes on state government, this may be justifiably criticised for inadequate attention to state finance and financial problems—factors which are now vitally affecting the administration of all major governmental activities and will doubtless continue to do so after the temporary agitation for emergency relief and tax reduction has abated. Nevertheless the book offers a comprehensive and useful record of the way in which the forty-eight states—or the majority of them—carry on their operations.

Professor Macdonald is already known for his works on federal aid, city government, airport problems, etc., and this new volume will establish his reputation in the field of state government.

NATIONAL MUNICIPAL REVIEW

Public Utilities Number

NOVEMBER ⁘ 1934

Public Utilities and Municipal Responsibility
. . . EDITORIAL

The Significance of Public Utilities in a Modern Municipality
. . . C. A. DYKSTRA

The Work of the Federal Power Commission
. . . BASIL MANLY

The TVA Ideals and Program
. . . ARTHUR E. MORGAN

Electric Utilities in the Depression
. . . JOHN M. GRAY

An Example of Rate Litigation and Its Significance
. . . NATHANIEL GOLD

Effective Rate Regulation
. . . WILLIAM A. ROBERTS

What a Small Independent Company Can Do
. . . R. A. GIBSON

New York Utility Legislation 1934
. . . WINTHROP PALMER

The Place of Leagues of Municipalities in Representing the Public Interest in Utility Rates and Policies
. . . PATRICK HEALY, III

Can Government Leadership Cut the Valuation Tangle?
. . . JOHN BAUER

The New Trend to Public Ownership
. . . HAROLD M. OLMSTED

How Municipal Lighting Plants Survive Hard Times
. . . FREDERICK L. BIRD

Tax Free Cities
. . . LOUIS BARTLETT

The Municipally Owned Utility: Profits or Service?
. . . WADE S. SMITH

Requisites of Effective Public Ownership
. . . JOHN BAUER

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THE LEAGUE'S BUSINESS

FORTIETH ANNUAL CONFERENCE OF THE LEAGUE

Civic leaders, public officials, and students of government from all parts of the country will gather at the William Penn Hotel, Pittsburgh, for the fortieth annual conference of the National Municipal League, on Monday and Tuesday, November 26 and 27.

FORTY YEARS OF PROGRESS

MONDAY, NOVEMBER 26

9:00 A. M. Registration

10:00 A. M. Panel: IMPROVED ADMINISTRATIVE TECHNIQUE

Louis Brownlow, Director, Public Administration Clearing House, presiding

Mayor McNair: Address of Welcome

Participants: Mrs. E. H. Demmler, Allegheny County League of Women Voters; Robert M. Goodrich, Executive Director, Providence Governmental Research Bureau; Professor Morris B. Lambie, University of Minnesota, Director, League of Minnesota Municipalities; Kenneth J. McCarren, President, Board of Assessors, Detroit, Michigan; Charles P. Messick, Secretary, New Jersey Civil Service Commission; Clarence E. Ridley, Executive Director, International City Managers' Association; J. C. Skinner, Director, Cincinnati Bureau of Municipal Research; Dr. Leonard D. White, United States Civil Service Commissioner; Honorable Paul A. Volker, City Manager, Teaneck, New Jersey; Percy R. Williams, Chief Assessor, City of Pittsburgh.

1:00 P. M. Luncheon: NEW YORK REVOLTS

A. Leo Weil, Honorary Vice President, National Municipal League, presiding

Speakers: Richard S. Childs, President of the City Club of New York; Joseph D. McGoldrick, Comptroller of New York City.

Business meeting of the National Municipal League membership; election of officers; report of the secretary; report of the president.

2:30 P. M. Panel: PROBLEMS OF MUNICIPAL FINANCE

Philip A. Benson, President, Dime Savings Bank of Brooklyn, presiding.

Participants: E. F. Dunstan, Chairman, Municipal Securities Committee, Investment Bankers Association of America; Honorable Robert Garland, Pittsburgh City Councilman; Willis H. Hall, Detroit; Clifford W. Ham, American Municipal Association, former President, International City Managers' Association; John S. Linen, Second Vice-President, Chase National Bank; Honorable William A. Magee, City Councilman and former Mayor of Pittsburgh; Frank H. Morse, Lehman Bros.; Major Fred N. Oliver, Counsel, National Association of Mutual Savings Banks; Mrs. R. Templeton Smith, President, Allegheny County League of Women Voters.

4:30-6:00 P. M. *Round Tables

7:00 P. M. Annual Banquet: A TRIBUTE TO THE CHARTER MEMBERS

Honorable Murray Seasongood, President of the National Municipal League, presiding

Clinton Rogers Woodruff, first secretary: Our First National Municipal League Meeting

Dr. Harold W. Dodds, President of Princeton University: The Future of Municipal Government

TUESDAY, NOVEMBER 27

9:00-10:30 A. M. *Round Tables

10:30 A. M. Panel: HONEST ELECTIONS

Professor James K. Pollock, University of Michigan, presiding

Participants: Alexander P. Lindsay, Attorney; Dr. Edward B. Logan, Budget Secretary of Pennsylvania; Walter J. Millard, Field Secretary, National Municipal League; Hon. D. Glenn Moore, former member Pennsylvania House of Representatives; Mrs. John A. Murtland, Allegheny County League of Women Voters; Hon. Bart Richards, former member Pennsylvania House of Representatives; Professor Wallace Sayre, New York University; Thomas J. Walker, Secretary, Philadelphia Committee of Seventy and Secretary-Treasurer, Pennsylvania Elections Association

1:00 P. M. Luncheon: A GREATER CITY
Frank C. Harper, Secretary, Pittsburgh Chamber of Commerce, presiding
Speakers: Dr. Thomas H. Reed, Director, Municipal Consultant Service; Hon. Clarence A. Dykstra, City Manager of Cincinnati

2:30 P. M. FEDERAL AID TO CITIES
Henry M. Waite, Former Deputy Public Works Administrator, presiding
Mayor T. Semmes Walmsley, New Orleans: The City's Requirements;
Dr. Lent D. Upson, Federal Emergency Relief Administration: Financing Relief;
Harold S. Buttenheim, Editor, American City Magazine: Uncle Sam or Boss Sam.

7:00 P. M. Annual Meeting, Proportional Representation League:
REPRESENTATIVE GOVERNMENT
Professor A. R. Hatton, of Northwestern University, President, presiding;
Honorable William R. Hopkins, Former City Manager of Cleveland, Ohio;
Honorable Martin S. Dodd, Former Law Director of Toledo;
William B. Rodgers, Pennsylvania State Senator-Elect;
Dr. George H. Hallett, Jr., Executive Secretary, Proportional Representation League and Director, Citizens Union of New York

*ROUND TABLES

MONDAY 4:30-6:00 P. M.	TUESDAY 9:00-10:30 A. M.
1 CITIZEN ACTION:	W. P. Lovett, Director, Citizens' League of Detroit, chairman
2. MODEL TAX COLLECTION LAW:	Arnold Frye, Attorney, chairman
3. COUNTY GOVERNMENT:	Professor A. W. Bromage, University of Michigan, chairman
4. METROPOLITAN GOVERNMENT:	R. C. Atkinson, Secretary, Governor's Commission on County Government in Ohio, chairman
5. HOUSING AND SLUM CLEARANCE:	Ernest J. Bohn, President, National Association of Housing Officials, chairman
6. LIBRARY PROBLEMS:	Ralph Munn, Director, Carnegie Library of Pittsburgh, chairman
7. THE POLICE ATTACK CRIME:	Donald C. Stone, Director, Consulting and Research Division of Public Administration Service, chairman

The local committee on arrangements includes Professor Elmer D. Graper of the University of Pittsburgh; Harry Bastow, President of the Allied Boards of Trade; Miss H. Marie Dermitt, Secretary of the Civic Club of Allegheny County; Dr. J. Steele Gow, Director of the Falk Foundation; Mrs. Oliver J. Haller, President of the Congress of Clubs and Club Women; Mr. Frank C. Harper, Secretary of the Chamber of Commerce; Senator Frank J. Harris; F. C. Irish, Vice Chairman of the Municipal Charter Committee of Pennsylvania; Dr. Charles F. Lewis, Director of the Buhl Foundation; Joseph T. Miller, Chairman of the Metropolitan Plan Commission of Allegheny County; Professor Samuel D. Ross of the Carnegie Institute of Technology; Dr. Roger V. Shumate of the University of Pittsburgh; Sam K. Smith of the William Penn Hotel; Mrs. R. Templeton Smith, President of the Allegheny County League of Women Voters; and Professor A. B. Wright of Duquesne University.

The meetings will be open to the public. All are invited to participate in the discussions. There will be no registration fee. Special railroad rates are offered.

* * *

Nomination of Officers for 1935: The Committee on Nominations has proposed the following officers for 1935, subject to their election at the annual meeting of the League during its fortieth annual convention in Pittsburgh, November 26 and 27:

President, Harold W. Dodds, Princeton, N. J.; *First Vice-President,* Miss Belle Sherwin, Washington, D. C.; *Second Vice-President,* C. A. Dykstra, Cincinnati, Ohio; *Honorary Vice-Presidents,* Henry J. Allen, Wichita; Charles A. Beard, New Milford, Connecticut; H. L. Brittain, Toronto; Henry Bruere, New York City; Harry F. Byrd, Winchester, Va.; Frederic A. Delano, Washington, D. C.; Samuel S. Fels, Philadelphia; Russell Forbes, New York City; John M. Gries, Washington, D. C.; A. R. Hatton, Evanston, Ill.; John R. Haynes, Los Angeles; Frank O. Lowden, Oregon, Ill.; Charles E. Merriam, Chicago; W. B. Munro, Pasadena, Calif.; Frank L. Polk, New York City; Thomas H. Reed, Ann Arbor, Mich.; Chester H. Rowell, Berkeley, Calif.; Murray Seasongood, Cincinnati; Mrs. F. Louis Slade, New York City; A. Leo Weil, Pittsburgh. *Council,* for term ending 1937; Henry Bentley, Cincinnati; Richard S. Childs, New York City; Robert M. Goodrich, Providence, R. I.; Arnold Bennett Hall, Washington, D. C.; Daniel W. Hoan, Milwaukee; Robert W. Johnson, Princeton, N. J.; Lewis Meriam, Washington, D. C.; Lawson Purdy, New York City; Clarence E. Ridley, Chicago; and Lent D. Upson, Detroit.

(Continued on Page 640)

Editorial Comment
❖
November

NATIONAL MUNICIPAL REVIEW

Vol. XXIII, No. 11 Total No. 221

Public Utilities and Municipal Responsibility

For years there has been a twilight zone of responsibility on the part of municipal officials for adequate and low cost utility services furnished by private companies. This responsibility has become considerably clarified during the depression. The fact that utility rates are only other taxes for essential community services has broken forth into open day. Official responsibility has come to cover not only the direct municipal services but to a greater extent also those which for historical and other reasons have been delegated to private organization.

State regulation of public utilities, instituted with the break of the century, aided to obscure their basic relationship to other municipal functions. When state control was undertaken the municipal authorities were in form deprived of rights and freed of accountability. The course of reality, however, remained. Complaints against unsatisfactory service and excessive rates continued to center more upon city hall rather than the state commission. Consequently the cities often appeared as champions of the consumers against the companies, while the commissions came to act primarily as courts to receive evidence and to decide between contesting parties.

State regulation was introduced in New York in 1907 and then spread rapidly over the country. It was the "new deal" of that day. Unfortunately, however, it has been fraught with disillusionment, as has happened to many new deals. The system had not been carefully developed either as to clear objectives or as to administrative standards and machinery to carry out public purposes. The obscurities of policy and procedure naturally led to litigation instead of systematic regulation. The world war also introduced elements of controversy, and the post-war "prosperity" blurred the public interest.

The depression led back to realities. It has produced a check-up of regulation throughout the country. Consumer pressure broke through the legal demarcations which had become protective for the utilities. It reached not only the commissions but focused particularly upon city hall. The taxpayers and consumers are essentially identical persons. They insisted not only upon direct municipal economy and tax reductions, but pressed for parallel adjustments in utility rates. While up to the present this force has achieved little in actual results, it has created or revived a consciousness of municipal responsibility.

This new consciousness has revealed itself in various directions. It has appeared in the renewed activity on the part of municipalities before the commissions demanding general rate reductions and in special efforts to obtain lower charges for street lighting and other municipal uses. It shows in the investigations initiated by cities for the revision of rates and the institution of municipal plants. It is reflected in the important referenda and the increasing discussion of public ownership and its factual experience. It is signalized by state investigations, by the federal program of hydro-electric development, and by the nation-wide surveys of power resources, costs, and rates conducted by the Federal Power Commission.

Everywhere there is critical inquiry into utility organization, operation, and results. Throughout the country there is struggle for adequate utility services at minimum cost. This is centered particularly upon municipal officials, who are held almost equally responsible whether the service is furnished outright by the municipality or under franchise by a private company. The functions are public in either case, and accountability is naturally placed upon local officials.

The scope of municipal responsibility is constantly changing and expanding according to public needs. Adequate low cost electricity, for example, has become fundamental to all industrial, commercial, residential, and other aspects of community life. This has been the vital force in creating municipal responsibility, even though the service has been prevalently organized in private form. Its real public status has not been different from that of water supply and sanitation which are mostly organized in public form and come directly under official accountability. The mere form of organization is not vital. The reality of importance is determinative of public interest. Municipal officials have therefore come to be almost equally responsible for all utilities, whether privately or publicly organized.

There may be doubt whether as a long-run policy an activity which is fundamental to community life can be satisfactorily continued under private organization, even under the most effective system of public control. But whatever the ultimate desirability of direct public organization, the fact of underlying public interest remains. Community dependence upon the utilities is inevitably a matter of official concern.

This developing municipal responsibility is the occasion for the special *public utility number* of the NATIONAL MUNICIPAL REVIEW. It seeks to present the utilities in the light of their public functions. The articles cover broadly the principal aspects of public interest and their practical relationship to progressive municipal, state, and national policy.

JOHN BAUER,
Special Editor for this Issue

* * *

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NEWS-EVE
The Daily

HEADLINES

September *Headlines,* in reporting that Pescadero Reclamation District 2058, California, reached a compromise with its creditors under the municipal bankruptcy act, evidently cut too many corners. "Attempts to reach a compromise," would have been correct. By September 15 the petition for compromise was being protested from many sources, and evidently had hard going ahead. As J. Ruppert Mason, of San Francisco put it, "The New Deal and courts may hold it an attempted misdeal."

* * *

New York State goes in for police training in a big way. Under the Advisory Council on Police Training, ten municipal police schools, exclusive of New York City, gave certificates of attendance to 1,153 policemen and 8 civilian candidates for police posts last year. According to the Council's report, practically all the various departments represented, required training in the handling of weapons.

* * *

Durham, N. C., Citizens' Council takes the lead in a move to separate the juvenile court from the county superior court, in the interests of delinquent children. The new court opens December 1, under a specially qualified judge.

* * *

Following successful experiments in Rome and in London, England's Minister of Transport prohibits the use of horns and other warning instruments on automobiles between 11:30 P.M. and 7:00 A.M., on all roads throughout Great Britain in "built-up" areas.

* * *

Louisville, Ky., installs electrical "robots" to make out tax bills and pay-rolls and keep track of municipal expenditures generally—the first city in this country to try out the system on a comprehensive scale.

* * *

As Millar's *Housing Letter* puts it, you can't have low-cost housing on high-priced land, and taxes are a crucial item in land costs. This is why the Federal Treasury Department is making a quiet study of apparent overlapping between federal, state, and local taxing powers.

* * *

Commenting on Upton Sinclair's pyrotechnic campaign in California, *Tax Talk,* of Los Angeles Bureau of Municipal Research, considers Sinclair a Nemesis to California's local politicians, who "prophecy better times, arbitrarily refuse to adjust their requirements, change conditions—and keep on living in the past."

"Which," remarks the Buffalo Municipal Research Bureau's *Just A Moment,* "pretty well describes our local administrations in city and county."

E. M. B.

The Significance of Public Utilities in a Modern Municipality

Recognition of the fact that utilities and consumers are necessary to each other should help to smooth the difficulties between them

C. A. DYKSTRA

City Manager, Cincinnati, Ohio

CHARACTERISTIC of modern life in urban areas is the demand that certain services once performed by the individual for himself be conceived and administered on a community-wide basis. The arguments for this shift are almost too familiar to need statement—convenience, public health, economy, universality, and general over-all effectiveness.

No one who has experienced the joy of water at the faucet in abundance and purity would return to the so-called delights of water out of the hand pump. No one who has pressed the button and seen spring into action the phrase "let there be light" thinks with longing of the day when he filled lamps and trimmed the wicks. Gas in the kitchen range and a telephone on the table appear as necessities to today's housekeeper.

Only at one spot does there seem to be any urge to return to individual or self service—the field of transportation. The automobile apparently is preferred to the street car or the train, but upon examination this apparent paradox resolves again into the phenomenon of more freedom for the individual. The principle involved is the same—the saving of energy. The motor car saves human energy and time and makes for individual convenience.

In any event the public utility has supplanted in unbelievable fashion private and individual functioning in innumerable directions. So thoroughly have the utilities taken the place of self-service that the mechanics for individual operation have all but disappeared in urban communities. One would hunt in vain, for instance, for a hand pump or a private well in New York City or San Francisco.

And so it comes about that the welfare, health, and convenience of us all are bound up in the character, quality, and economy of the far-flung utility services of our cities. Quite inevitably the courts have been compelled to declare that utility operations are "bound up" with the public interest. As an affair of history and law these operations were early declared public functions, although particularly in the United States they were farmed out to individual enterprise because of what were considered adequate economic reasons.

We find then that at the very heart of life in our cities is this communal utility service which reaches almost everybody, which uses the public streets, both above and under, and which normally and naturally takes on monopoly characteristics with its attendant advantages and difficulties. These utility services are supposed to operate with public consent and favor, and because of this are presumed to owe a great obligation to the general public—which, by the same token, constitutes the totality of consumers who make this business possible and profitable.

There come times in many places when this public consent, or franchise, ends and a new legal arrangement is in order. It would seem that in such a situation the bargaining power of the public is so superior that public authority should have no difficulty in representing the public interest in a utility settlement. Paradoxically, however, it is just because the establishment *is* there in the streets and *in* house connections, and because no consumer can consent to have his service stop for a single hour, that the utility organization can and probably must continue to function with or without permission or agreement. Franchises which it was assumed gave full control to public authority run out but operations go on.

All of which is to indicate that legal right and public permission may mean much or little, depending on immediate exigencies. Certain utilities such as telephones and of late years bus lines operate with little or no local control in many cities because of state laws which give jurisdiction over such services to state regulatory bodies. The entrance of federal courts into the local utility picture has been another hurdle for cities to jump in connection with immediate utility problems. This utility opportunity is now challenged by federal legislation.

PROBLEMS OF MUNICIPAL CONTROL

Because of state regulatory establishments and opportunities for flight to state and federal courts, cities within the last generation have found the problems of local control all but insoluble. Council passes a rate ordinance or suggests a new franchise only to find that the electric company, for instance, immediately appeals to the state commission for a stay of some sort. What with hearings and litigation the establishment of a new rate and new conditions of service are delayed, often for years on end, if indeed they are put into effect at all.

This procedure raises with emphasis the question as to the power of local government to deal with any finality at all with current utility questions. It is directly responsible also for forcing into the picture the question as to whether the city would be better off if it had absolute control of utility operations through the device of public operation or ownership. It is an interesting fact that all of those influences in American life which challenge public operation of utilities and defend private ownership and operation are in the main responsible for the growth of the demand for public ownership. In very real desperation, as they believe, public officials quite reluctantly turn their attention to the possibility of doing for themselves what they fail to achieve in their contest with private utility organizations.

The utility problem thus lies very close to the problem of local administration. Except for police difficulties which often wreck those in authority, no other question is injected into local campaigns so often or so powerfully or with less understanding. Because of this, and further because local administrators are badly prepared to meet utility officials, citizens as consumers have not been well represented in contests or settlements as between utilities and local governments. Nor have consumers been adequately safeguarded when the contest has been removed to state commissions or to the courts.

For the last generation, therefore, settlements with the utilities have tended to be one-sided and in the interest of the investor in utility stocks. Rates on the whole have remained relatively high though service may have been completely satisfactory. In spite of the tremendous increases in local utility business and the advance of the art which has lowered costs, net incomes of our utility organizations have mounted to extraordinary figures. The consumer has been, in some great part, forgotten in the process. Within the last year or two, however, there are numerous examples to indicate that local rate reductions are on the way oft-times as the result of negotiation instead of regulation.

LOCAL RESPONSIBILITY AND RATE STANDARDS

Too much emphasis cannot be given to the generalization that local administrative officials are in a peculiar degree under obligation to understand local utility problems whether they operate public plants or not. As a matter of fact, since utility plants run in routine fashion and with excellent success so far as operations are concerned, it is incumbent upon the responsible representatives of the people to give even more attention to regulatory than to operating problems. This means, in effect, that rate and service questions which have to do with private operation will require even more study and attention from a city council than will the actual operation of the city's water plant, for instance.

Given real and effective attention to these regulatory problems, it may be possible in time to avoid the conflicts that now seem inevitable and that are the controlling factors in the widespread demand for public ownership.

It would seem possible to work out a theory of regulation and rate making which will produce many of the advantages of public ownership and operation. The acceptance of the implication of such a theory will be resisted, however, at least for a time by the private utility world.

(1) We must come to agreement that the public should not be asked to pay even a limited return on "values" which have no basis in actual plant investment. "Potential earning" values have no place in an industry which is so essentially a coöperative affair between investors and the public. By this same reasoning actual investment should be guaranteed an earning power on a basis which will make necessary financing possible. If the potential earning capacity of the industry is to have any consideration, the consumers have a right to share in these earnings.

(2) Utilities have only a use service. They produce no commodity which has any tangible value except in the moment of actual use. The ordinary business ideas and attitudes as to buying, selling, and return on turnover have no validity in the utility field. The injection of so-called business and promotional features into the structure of public utility organization is a travesty on the basic implications in the term "public utility".

(3) Rates should be based on the real and actual cost of rendering the service. When service is at cost and not at "cost plus", the ends of utility justice are served.

(4) Rates should change as business grows. The public is entitled to its share of the increases which it makes possible and pays for. This dividend to the public should come in the form of reduced rates from year to year.

(5) Rates should change downward as costs per unit of service are reduced. Investors alone are not entitled to the proceeds of the changing art.

(6) A public utility privately owned and operated is still a public utility and it owes a vital part of its responsibility to the public represented as consumers. To conceive it as a purely private enterprise is a fundamental misconception. It is primarily a service enterprise rather than a profit enterprise. Its officers and managers are

in a very important sense quasi-public operators—to say the least.

WHAT CAN BE DONE

Some such implications appear in a recent utility settlement in Cincinnati. Since January 1931 a gas rate ordinance passed by city council has been before the Public Utilities Commission of Ohio. Since March of this year the case has been under hearing. The city and the company have spent hundreds of thousands of dollars in prosecuting it.

Meanwhile, in October of 1933, the city passed an electric rate ordinance. It too was appealed to the Public Utilities Commission by the same company, the Union Gas & Electric Company.

In June of 1934 the city and the company began conferences to see whether the electric rate question could be settled before it came to a hearing in Columbus. On July 11 a new rate ordinance to take the place of the October ordinance was introduced and passed by council. It was immediately accepted by the company.

The settlement assumes the customers' right to participate in the advantages of increasing business, in lowered costs as the art develops, in lowered rates from year to year, and finally it accepts the principle that the city has a continuing right to know something about the company's business. It does not go into the question of valuation, however. It was negotiated with figures which had to do with operating costs, revenues, and net earnings. The amount of reductions was determined by settling a lump sum to be deducted from revenues, and a rate structure was then worked out to fit such a set of facts.

As illustrative of the regressive character of this rate structure the domestic rate formula is set down here:

	1934	1935	1936	1937
First Block	5c	4.5c	4. c	4. c
Second Block	3.	3.	3.	3.
Excess	2.	2.	1.8	1.5

Minimum bill is sixty cents. Minimum in the first block is 20 kilowatt hours and the same minimum holds for the second block at 3c.

Thus on a small house the user will pay 20 x 5 or $1.00; 20 x 3 or 60c; all use over 40 k.w.h. at 2c on the 1934 schedule.

Included in the ordinance besides this regressive schedule is the provision that if imposed charges run to $200,000 in any one year an increased rate may be established. As a corollary, if costs go down by $200,000 in any year because of taking off of impositions, the rate schedule will be further reduced.

It appears, therefore, that several of the principles laid down above are given practical application in at least one community. Moreover, the troublesome problem of valuation was avoided in coming to what the city believes is an equitable settlement. Furthermore, the principle is established that consumers should share in the value of increased business through the device of an annually decreasing rate schedule.

We must live with our utilities no matter who owns and operates them. Recognition of this principle plus an acceptance by our utilities that the good will of consumers must be sought fairly and openly may help to iron out a continually increasing number of difficult situations. Of course, there always remains the alternative of public operation. If settlements can come without resort to such an alternative the utility privately owned and operated can continue to function to the entire satisfaction of consumers and taxpayers.

The Work of the Federal Power Commission

Development and use of water power has been greatly increased by Uncle Sam's power guardian

BASIL MANLY
Vice Chairman, Federal Power Commission

WITH the increasing emphasis of the present administration on the development and utilization of the nation's power resources, the work of the Federal Power Commission has assumed larger significance.

Fourteen years ago, on June 10, 1920, the federal water power act became law. Its enactment ended a legislative deadlock that had hampered the development of hydro-electric energy for more than a quarter of a century. In the brief time that has subsequently elapsed more water power has been developed on the rivers and streams under United States jurisdiction than in the preceding fifty years.

As a result there are now 112 major projects under license by the Federal Power Commission with installations of 3,928,947 horsepower and an ultimate capacity of 6,908,407 horsepower.

Minor projects and transmission lines bring the total number of licenses and preliminary permits outstanding to 585, aggregating 4,709,399 primary, 3,948,375 installed and 14,128,989 ultimate horsepower.

Under its statutory authority the commission exercises general administrative control over all power developments and power sites on the navigable waters and on the public lands and reservations of the United States. It licenses and supervises the location, design, construction, maintenance, and operation of power projects upon such sites for the purpose of assuring not only their structural and financial soundness but also the most comprehensive and effective development of the national resources.

One of its primary duties is to determine the actual legitimate cost of all licensed projects as a basis not only for possible ultimate recapture by the federal government at the end of the license period but also for the limitation of excessive earnings as provided in section 10 of the act. In such determinations not only is the actual original cost ascertained, but excessive fees charged by holding companies and affiliated engineering, construction and management corporations are suspended pending an inquiry into the actual cost of rendering such services. As the cost of projects claimed by licensees aggregates approximately a billion dollars, one can readily appreciate the huge task involved in this one phase of the work.

The commission is also charged with the regulation of rates and services and the issuance of securities of licensees in states which have not provided for such regulation. The act further provides that after twenty years of operation the commission shall require that profits in excess of a reasonable return shall be applied to the reduction of the net investment. It is the commission's duty also to determine the value of power generated in connection with government dams.

Jurisdiction of the commission over power projects arises either from their location on navigable waters, on public lands, in national forests, or by reason of their effect on interstate commerce. Contrary to the general impression, jurisdiction over the larger number of major projects is based upon their location on national property, where no one questions that they should be federally licensed. In far fewer cases is navigability the determining factor. Yet the few cases of the latter class which have been contested have aroused more comment than all the rest combined.

RESPECTING INTRA-STATE RIGHTS

No agency of this government has more scrupulously respected the rights of states in the interpretation of its jurisdiction, yet there are those who still seek to picture the Federal Power Commission as an invader, stretching its arm over streams that are far beyond its legitimate province.

Former Secretary of War Newton D. Baker, who was the commission's first chairman, expressed the extreme view in his argument for the Appalachian Power Company in the New River case, when he exclaimed:

"It was never intended that there should be set up in Washington a commission that could fulminate orders about mountain springs in Virginia and rivulets and brooks in Oklahoma and Texas, and remain in Washington and compel every man that has a right to water his cattle to go to Washington and litigate about his land at a place two thousand miles away."

That is, of course, a lawyer's plea for his corporate client. No such body has been set up in Washington, and the Federal Power Commission exercises its authority only in cases where its jurisdiction is clear and its duty imperative.

The record speaks for itself. The federal water power act provides that any company contemplating the development of a power site may file with the commission a "declaration of intention" as a basis for securing an advance determination of jurisdiction. This is permissive, not compulsory. It is obvious, therefore, that the filing of such a declaration implies a belief that substantial grounds for federal jurisdiction may exist. If the commission were seeking arbitrarily to amplify its jurisdiction to the uttermost limit, as some of its opponents have charged, the record would show that it had sought to assert its jurisdiction, if not in all, at least in a majority of such cases. But the record shows the contrary.

In the fourteen years of the commission's existence 124 such declarations of intention have been filed. All but one have been acted upon. "No jurisdiction" was the finding in sixty-two cases. Jurisdiction was taken in only forty-nine cases. In two cases the decisions were divided, jurisdiction being taken over one part of the project, and refused over another part. Ten cases were closed without formal action, due principally to withdrawal of declaration or abandonment of the project.

Each case in which the commission did take jurisdiction was carefully considered and action taken only where the evidence showed that the proposed power site was located upon a navigable stream as defined by Congress or where there was a clearly demonstrable effect upon interstate commerce. If it had done less, the commission would have been recreant in the performance of its duty and in the accomplishment of the purpose for which it was created.

Licensing of private power projects engaged the attention of the commission so largely in its early period that many people conceived the idea that this was its only function. They misconstrued entirely the intent of Congress in its establishment.

The policy of the Roosevelt administration in furthering development of power is in substantial accord with the purposes of Congress as expressed in the federal water power act, passed during the Wilson administration. It not only contemplated the formulation of a national power program after a thorough survey of the nation's power resources, but specifically provided that the commission should submit recommendations to Congress whenever it deemed that any project should be developed by the federal government itself. Debates in both houses of Congress when this bill was under consideration demonstrate that it was intended that the nation's power resources should be developed not solely for the profit of private corporations but primarily for the benefit of consumers, domestic and rural as well as industrial.

The present membership of the commission, with the approval of President Roosevelt, is seeking earnestly to make this policy effective.

SURVEY OF POWER RESOURCES

A survey of the nation's water power resources and classification of power sites in their relation to available markets was authorized by Congress in the Act of 1920. One obvious purpose was to enable the government, if it should decide upon public development, to choose the sites most advantageously located and which could be developed economically. Neither funds nor personnel were made available, so the commission did not undertake this survey. Had it been made, power sites could easily have been selected, preliminary plans prepared, and the program of the Public Works Administration greatly accelerated.

President Roosevelt, by executive order in August 1933 directed the Federal Power Commission to make such a survey, also to examine and report upon applications by states and municipalities for loans for water-power projects submitted to the Public Works Administration.

The national power survey, now in progress, is in no sense an academic study. It is an undertaking of immediate national importance, practical and urgent.

Since the crash of 1929 few new power projects have been constructed by private corporations. When industrial activity is resumed, we may be confronted by a power shortage. At the moment in some regions a surplus exists, but not to the extent that opponents of governmental development would have us believe. The *Electrical World,* official organ of the utility industry, estimates that, with industrial resumption on a normal basis, the existing power capacity of the country will be 2,700,000 kilowatts short of supplying the demand. General Electric Company engineers go further and estimate the shortage at 4,200,000 kilowatts. To supply this deficiency would require the construction of a hundred or more large steam or hydro-electric plants.

Years are required to complete these huge constructions, even where plans and specifications are available. No one can contend, therefore, that it is not high time to survey the nation's power resources and point out available sites to be developed, whether by government or private industry.

The power survey, designed primarily to ascertain the country's power requirements and the sources from which they can be most economically supplied, seeks also to establish and maintain a balance between steam and hydro-electric power which will give Americans the most dependable sources of energy at the lowest practicable cost.

DISTRIBUTION COST STUDY

Distribution of this current to the public at fair and reasonable rates is the next essential. By direction of the senate, the commission is making a study of the cost of distribution of electrical energy in relation to the costs of generation and transmission. This will afford a scientific basis for testing the reasonableness of rates charged for all classes of service under varying conditions in widely diversified towns and regions.

Rates concern consumers more directly than any other element. Their reasonableness is the most difficult subject which regulatory bodies have to consider.

Yet no really authentic and scientific basis for rate-making in this country exists. Rate-making has never been standardized. Some companies adopt one basis, others another; some conceal, others set forth demand and service charges, so that few are identical. The whole matter is so complex that it is difficult to compare fairly the rates of companies in neighboring communities, much less in different states and sections.

Rate statistics are sparse and incomplete. The rate-book of the Edison Electric Institute, successor to the National Electric Light Association, the principal published information now available, covers only 473 communities, less than 3 per cent of all those furnished electric service. It contains no information regarding small communities which are notoriously subjected to excessive rates. The form in which the rates are set forth is such that they are almost incomprehensable except to a technically trained expert. They afford no satisfactory basis for comparison of rate levels in different communities.

ELECTRIC RATE INQUIRY

Congress, in the Norris-Rankin resolution passed at its last session, determined to supply this deficiency, directing the Federal Power Commission to ascertain the rates charged for electricity throughout the United States.

This electric rate survey, now in progress, will compile the actual rates charged, for all classes of consumers, in every city, town, and rural region throughout the United States. It is not in any sense a punitive expedition, but a fact-finding inquiry of value to the entire electrical industry, as well as to commissions and consumers.

Its purpose is to furnish the facts which will aid regulatory agencies in determining what rates are reasonable, and power companies in standardizing rates. Rate-fixing is not the purpose of this commission or the aim of its inquiries. That is the function of state agencies. But these surveys should result in a more uniform system of rate-making and adjustments, both by power companies and commissions, of schedules that impose undue burdens on certain classes or communities.

In formulating plans for these surveys, the commission considered all elements concerned. Conferences were held with representatives of state, municipal, and federal agencies, and of privately-owned electric light and power companies. Every phase of the subject was explored to develop the form in which municipal plants and private companies could best furnish the statistics and other information required to present a complete picture of present conditions and probable future development.

The national power survey is directed principally to the two great questions of power requirements and the sources from which they can be supplied most economically and efficiently. This eliminates from consideration numerous sites for which there is no present requirement because of distance from possible markets or high cost of development, and concentrates attention upon sections in which prospective demands exceed present power sources.

In forecasting the future requirements we are engaged not merely in projecting the past trends of industrial, domestic, and rural consumption, but must consider also the probable effect of technological advances, the opening up of new markets, increase in domestic and rural consumption, and progress in the policies and practices of the industry.

That this can be done with reasonable accuracy was indicated by the power survey of the northeastern states made in 1923, in which the forecast of requirements for 1930 proved only one per cent out of line, and the main transmission lines and interconnections constructed during that seven-year period were located almost exactly as the survey suggested.

COOPERATIVE EFFORTS

To obtain the information required, it is obvious that it would be impossible for the agents of the commission to visit personally the thousands of communities from which information must be secured. It is necessary therefore to rely in large measure upon detailed reports from the private and public agencies.

The forms for these reports have been prepared with exceptional care. The leading experts of the public agencies and private companies have been freely consulted and the forms have been subjected to practical tests in the field before the final revision was made. They cover every essential question and, when collected and analyzed, will furnish information of incalculable value to the public and the electrical industry.

In conducting these inquiries the commission has no theories to prove or disprove, no axes to grind, and no desire except to obtain the facts as accurately as they can be collected and presented. We have found so far a gratifying disposition to coöperate in this important undertaking. Nothing else is anticipated. But if any division or group should refuse or fail to make available the necessary information in its possession or control, the public will be so informed, and substantially accurate approximations secured from other sources. We want to make these surveys as accurate as is humanly possible. We can do so, if all companies and public agencies return complete and authentic information. But none can complain of any inaccuracy or incompleteness that may develop as a result of their own failure to coöperate.

Power planning is regarded as vital by forward-looking peoples. All the leading European countries have made or are making inventories of their power resources and planning their utilization for many years to come. They realize acutely that this is essential to their economic welfare and national prestige.

America, far excelling in natural advantages, has been backward in surveying and planning for full realization of its power possibilities. Events have demonstrated that this can no longer be neglected. Upon it depends in large measure our country's future strength, prosperity and happiness.

The TVA Ideals and Program

Greatest public undertaking of the country interpreted by its chief protagonist

ARTHUR E. MORGAN *Chairman, Tennessee Valley Authority*

IN THE determination of public policy Americans are practical pragmatists. They care very little about the political or economic theory which underlies any program. They want to know only whether the program will work, and whether they will profit by adopting it.

It is my sincere hope that America shall remain a country of pragmatists, that we shall choose our policies on the basis of practical results rather than on the basis of abstract political theories, but I hope that an increasing sense of social responsibility and of insight and imagination may lead us to feel the reality of more enduring benefits.

In the long run the question of public or private ownership of utilities will not be settled by theory or propaganda, but by the actual results of operation. That may seem a trite and threadbare statement. Yet, if it were fully appreciated, the public ownership movement would be giving more of its energies in making sure of economic effectiveness, and less in promoting the extension of public ownership. But for the exploitation and mismanagement by which some private utility managements betrayed the trusting confidence of the public, that confidence would today be resting where it was five years ago.

If the management of privately owned utilities had been highly honorable, thrifty, and responsible, had been content with a modest managerial income, and had returned to the public all other earning power in the form of reduced costs, improved service, and increased wages, that system would today be impregnable in public esteem. Quite probably the federal post office might by this time have been turned over to private management.

The present prestige of public ownership is relatively high, but that relative advantage is due as much to the disrepute of private mismanagement as to the positive proved advantages of public ownership. There is no assurance from on high that public ownership will bring honest and economical administration. For the moment, however, public ownership on a large scale seems about to have its chance. Whether that chance will be so used as to usher in a new day in our economic life, or whether it will result in a morass of incompetence, remains to be seen. Scattering cases of good management will not suffice. The public will judge by average results.

THE TVA POLICY

Congress and President Roosevelt have asked that the Tennessee Valley Authority evolve a "yardstick" to determine a reasonable rate for the sale of power in this country. To do this, it is necessary to generate and sell power on such a scale that the operation can be representative of efficient management. The authority's first step, therefore, in carrying out such an assignment was the preparation of the following power policy:

1. The business of generating and distributing electric power is a public business.

2. Private and public interests in the business of power are of different kind and quality, and should not be confused.

3. The interest of the public in the widest possible use of power is superior to any private interest. Where the private interest and this public interest conflict, the public interest must prevail.

4. Where there is a conflict between public interest and private interest in power which can be reconciled without injury to the public interest, such reconciliation should be made.

5. The right of a community to own and operate its own electric plant is undeniable. This is one of the measures which the people may properly take to protect themselves against unreasonable rates. Such a course of action may take the form of acquiring the existing plant or setting up a competing plant, as circumstances may dictate.

6. The fact that action by the authority may have an adverse economic effect upon a privately owned utility should be a matter for the serious consideration of the board in framing and executing its power program. But it is not the determining factor. The most important considerations are the furthering of the public interest in making power available at the lowest rate consistent with sound financial policy, and the accomplishment of the social objectives which low cost power makes possible. The authority cannot decline to take action solely upon the ground that to do so would injure a privately owned utility.

7. To provide a workable and economic basis of operations, the authority plans initially to serve certain definite regions, and to develop its program in those areas before going outside.

8. The initial areas selected by the authority may be roughly described as:

(a) Rural consumers in certain regions immediately proximate to the route of the transmission line between Muscle Shoals and the site of Norris Dam;

(b) The region in proximity to Muscle Shoals including northern Alabama and northeastern Mississippi;

(c) The region in proximity to Norris Dam. On January 4, 1934, the authority made agreements to purchase from the Mississippi Power Company transmission and distribution systems in the counties of Pontotoc, Lee, Itawamba, Union, Benton, Tippah, Prentiss, Tishomingo, and Alcorn in Mississippi. It also made agreements looking to the purchase of transmission lines of the Alabama Power Company in the counties of Lauderdale, Colbert, Lawrence, Limestone, and parts of Morgan, Franklin, and Cullman in Alabama; and it also made agreements looking to the purchase of transmission lines and distribution systems of the Tennessee Electric Power Company in the counties of Anderson, Campbell, Morgan, Scott, and part of Claiborne in Tennessee. Most of these purchases have since been consummated.

At the time of the agreements referred to, the authority agreed not to construct distribution systems in territory served by the Georgia Power Company and in the remaining territory of the three companies above. This agreement expires on the completion of Norris Dam, estimated to take less than three years. However, the authority in the interim may, to the extent of its available power, serve the following additional classes of consumers outside of the ceded territory: (1) any municipalities not now served by the contracting companies; (2) rural consumers or farm organizations in Rhea, Roane, Meigs, and part of McMinn Counties in Tennessee, and in Monroe County in Mississippi; (3) any customers not now served by the contracting companies up to a total demand of 2,500 kilowatts; (4) any industry operated by the authority without restriction as to territory.

At a later stage in the development it is contemplated to include, roughly, the drainage area of the Tennessee River in Kentucky, Alabama, Georgia, and North Carolina and that part of Tennessee which lies east of the west margin of the Tennessee drainage area.

To make the area a workable one and a fair measure of public ownership, it should include several cities of substantial size and, ultimately, at least one city of more than a quarter million, within transmission distance, such as Birmingham, Memphis, Atlanta, or Louisville.

While it is the authority's present intention to develop its power program in the above described territory before considering going outside, the authority may go outside the area if there are substantial changes in general conditions, facts, or governmental policy, which would necessarily require a change in this policy of regional development, or if the privately owned utilities in the area do not coöperate in the working out of the program.

Nothing in the procedure here adopted is to be construed in any sense a commitment against extending the authority's power operations outside the area selected, if the conditions above or the public interest require. Where special considerations exist, justifying the authority going outside this initial area, the authority will receive and consider applications based on such special considerations. Among such special considerations, would be unreasonably high rates for service and a failure or absence of public regulation to protect the public interest.

9. Every effort will be made by the authority to avoid the construction of duplicate physical facilities or wasteful competitive practices. Accordingly, where existing lines of privately owned utilities are required to accomplish the authority's objectives, as outlined above, a genuine effort will be made to purchase such facilities from the private utilities on an equitable basis.

10. Accounting should show detail of costs and permit of comparison of operations with privately owned plants, to supply a "yardstick" and an incentive to both private and public managers.

11. The accounts and records of the authority as they pertain to power will always be open to inspection by the public.

COORDINATION AND ADMINISTRATIVE EFFECTIVENESS

In the field of generation and distribution of electric power, more effective organization and administration are as necessary as improved technology in the elimination of small stations and the building up of great systems. When it comes to distribution to the ultimate domestic consumer, administration plays a far larger part than the cost of generating and transmitting the current. It is natural, therefore, that in the development of its power policy, the Tennessee Valley Authority should be giving particular attention to administrative economies.

The authority has in view a program which would lead to great economy in hydro-electric power generation. Water power in the future may have very stiff competition from both steam and Diesel engines. Whether the three million kilowatts of potential water power in the

Tennessee River system can be developed in competition with other sources of power will depend upon whether every possible economy is achieved in its development. If the cost of generating water power should be six-tenths of a cent per kilowatt hour, it may lose out before steam or the Diesel engine. If the cost of water power can be reduced to four-tenths of a cent per kilowatt hour, it may have a relatively clear field.

Without suggesting any particular level of unit cost, I venture the opinion that if the water power development of the entire Tennessee River drainage area of 40,000 square miles can be given a single unified ownership and control, the unit cost of power may be no more than half of what it would be with divided ownership and management.

Near the east boundary of Tennessee is a dam site which will provide vast storage capacity for an area of very heavy rainfall and run-off of a few thousand square miles. From this point down the Tennessee River to its mouth is a fall of roughly one thousand feet, nearly all of which can be used for generating power. A plan has been proposed by a private company for generating power at the upper site with a dam perhaps 200 feet high, and to administer this power plant as an independent industrial undertaking, perhaps for the operation of a large manufacturing plant. If this is operated as an independent unit it will be regulated with a view to its own needs. In determining how much storage can be economically provided in the original construction, only the value of storage to that plant alone can be considered. The management cannot invest money in this upper plant on the ground that the investment would be justified in the use of stored water at each of the eight or ten plants down below, in which it has no financial interest. Some of these lower plants may not yet be built.

If there were only one up-river plant and one down-river plant some arrangement might conceivably be worked out, but with eight or ten down-river plants which have little or no storage, and twenty or thirty up-river plants on half a dozen tributaries, each with storage which could be released, all prospect for voluntary unified and coördinated control fades away. Each plant would be run when its owner should choose, without regard to the abundance or deficiency of water at plants below or on other tributaries. Trading of water and even exchange of power, would become cumbersome and relatively ineffective.

UNIFICATION OF FACILITIES

Now consider what would be accomplished by a single unified system, thoroughly interconnected by transmission lines and controlled from a single office. During wet seasons or wet years the storage dams would be closed until their reservoirs were filled, and all power would be developed from plants having no storage, or inadequate storage. If rains should be heavier on one tributary than on another, the full reservoirs would be drawn upon. If some reservoir had only enough capacity to store the flow for a few months, its supply might be used ahead of a reservoir that would store one or two years' run-off. If during the low water of summer a freshet should occur on an uncontrolled tributary, that freshet flow could be used to the utmost, and an equivalent value in stored water would be saved.

In any single reservoir it seldom pays to store water for more than two years in preparation for a dry cycle, but in a large system the exceptionally cheap reservoir space could be used for that purpose, thus giving additional security against extreme drouth.

On some of the smaller tributaries of

the Tennessee, sometimes at high elevations, there are reservoir sites of very large capacity, but without water enough to fill them. Those cheapest and most capacious sites could be developed by building dams, and then all surplus power could be used to pump water up hill into them from the Tennessee River. For off peak hours at night, for a few wet months during the year, and for intermittent wet seasons, all surplus power could be used in pumping water into these high reservoirs which would have power plants to be used during peak loads or for a standby supply.

With such a single integrated system under a single control, the full hydroelectric power possibilities could be realized, and the cost per unit of private power might be not more than a half or even a third of the cost of separately owned and operated plants. In this process navigation and flood control also would be provided for, with substantial contributions to the low water flow of the Ohio and the Mississippi.

PUBLIC OWNERSHIP ESSENTIAL

I hold that such unified control and operation implies government ownership and operation. It may be argued that all this could be accomplished under private ownership and operation. But I hold that it should not be in private hands unless that should be necessary to avoid gross inefficiency and corruption of the spoils system.

The control of this great electric power system by a private corporation would give economic power over the people of the region which no self-appointed men ought to hold. Such management and operation would of necessity be governmental and public in its nature, whether privately or publicly owned. It would be necessary to exercise the right of eminent domain, and to have control over the economic life blood of a vast region. Public regulatory bodies have not proved their ability to control such vast aggregations of economic power.

I believe in public ownership of utilities and of public resources, so far as it can be made to justify itself. In many men there is a quality of dignity and social-mindedness which craves for expression in the public service. It is very inspiring to meet men who have given their lives to raise the level of public service, who have worked for small salaries, and who get their reward in knowing that they have worked, not for personal profit, but for the public good. We need institutions which give such men a chance.

PROMOTING CONSUMPTION

We need a new psychology about electric power. We need to think of it as an ever-present servant, practically unlimited in quantity and convenience.

The first steps toward the fulfillment of the authority's power program have already been taken. The power program is in the hands of David E. Lilienthal, one of the directors of the authority. Contracts have been made with communities in nine counties in Mississippi, in five counties in Alabama, and with the city of Knoxville and its adjacent communities. Various other requests have been received from communities in Tennessee, Georgia, and Kentucky. Already the entire dependable output of energy at Wilson Dam has been contracted for.

The sale of TVA power has been handled thus far in three different ways. In Tupelo, Mississippi, the first town to buy from the authority, the current is sold to the municipality, which in turn sells it to the consumers at retail rates laid down by the authority. In Corinth, Mississippi, an association owned by both townspeople and farmers in the surrounding country handles the resale. In Knoxville, if the TVA acquires the distributing system from the

(Continued on Page 587)

Electric Utilities in the Depression

Electric companies have weathered the storm and experienced little suffering during the past few years

JOHN H. GRAY

Washington, D. C.

THE electric companies have proved themselves depression proof. This is shown by every important statistical authority, public or private, by the financial results in dividends, interest, and surplus, by the utterances of the managers in their annual meetings, by their chief organ of the industry, the *Electrical World,* and by their financial sales utterances. They have weathered the storm much better than any other large industry. The facts are universally admitted. It remains only to summarize the reasons.

The industry has been subject to phenomenal technical improvements, lowering the costs every year. While rates have been nominally subject to public regulation, supposedly limiting the earnings, the regulation has been wholly ineffective. The companies have themselves had but little knowledge of costs. The regulating authorities and the general public have had none worth mentioning.

The regulation has been highly effective in one particular, that is, in securing a monopoly to the companies, with practically unregulated rates. The industry furnishes a fundamentally important service of universal use, and a constantly expanding market. The reductions in cost have far outrun the meager reductions in rates. The companies have, in fact, charged what they thought would give them the highest profit, but have usually maintained rates above what would give them maximum profits.

A SUGGESTIVE CASE

The history of the Cleveland Company goes far to prove this. When the public plant began operations in 1914 in competition, the company was charging domestic consumers 10 cents a k. w. h., with corresponding rates for other consumers. The public plant has always charged 3 cents to such consumers. The city ordered the private company to lower its maximum to 5 cents. The company contested the case and proved to the state supreme court in 1919 that a charge of less than 10 cents would be nonremunerative and confiscatory. Within six months, under competition, it petitioned for and accepted an ordinance fixing a maximum rate of 5 cents. It has since reduced this rate to 4 cents in Cleveland—still charging 5 cents in outside territory.

This company has earned and paid 16 per cent annually on the old par during the depression, and this year has raised the rate to 20 per cent. It is true that it split its stock 10 shares for 1 and has gone to no-par stock. It now pays $2.00 a share instead of 20 per cent. This sounds much better to the public ear. Meantime, the company has grown from a $15,000,000 in 1912 to a $140,000,000 plant, and accumulated large surpluses. At the same time, the city plant has grown from a $2,000,000 plant to a $20,000,000 one.

Judson King estimates that this public competition has saved the people of Cleveland in the last 15 years $40,000,000 (May 5, 1934). At least this experience suggests that a further reduction of rates might add considerably to the profits of the companies. This view has from time to time been suggested by leaders in the industry and very recently has been stated by the Standard Statistics Company. December 13, 1930, it said: "The trend towards lower rates is considered beneficial to the industry as a whole as to the public."

PROTECTIVE CONDITIONS

In fighting, in their blindness, to maintain rates and to increase them, the companies have always claimed they were held by regulation to a fair return in good times and therefore could not accumulate surpluses for bad years; and when general business improved and general prices went up they claimed higher rates. They forgot, or ignored, the fact that this industry is less affected by the movement of general prices of labor and material than any other large industry. Speaking broadly, in industry generally about two-thirds of gross goes for labor and material, while in this industry only about one-third of gross goes for these items. Standard Statistics estimates, December 13, 1933, that to restore the general price level to that of 1926 would add but 10 per cent to electric operating costs.

One other reason that this industry has stood the depression so well is the rapid development of hydro-electric power. So long as these hydro plants were each held in isolation many of them had to stand idle much of the time. But since these companies have been gathered into a few large holding companies, often with a close community of interest, their transmission lines have been interconnected almost the country over. This enables the developed water power to be used almost constantly nearly to full capacity. Hydro so used is much cheaper than coal-made power.

The holding companies were originally organized for three main purposes: (1) to issue and speculate in securities; (2) to enable the insiders to organize and control a multitude of subsidiary corporations to bleed the operating companies for the benefit of insiders by material contracts, intercorporate sales of service and securities, general financial, operating, engineering, and other services; (3) to take the companies entirely out of effective control or regulation in all of these particulars.

The promoters were eminently successful. But in the age of mergers and building up these holding companies, they over-reached themselves by paying five or more times what the companies were worth or were capitalized at to get them into the holding companies. They then wrote up their property accounts to the level of these expenditures, or more, and issued securities on this basis. The Federal Trade Commission has already disclosed writeups of this kind to about one and a quarter billions of dollars.

It is not remarkable, therefore, that while practically no operating companies have failed, even after the large bleeding they had been subject to by the holding companies, many holding companies are hard put to keep out of bankruptcy because of the ocean of fixed charges they have to carry.

SUSTAINED RETURNS

It is true that no holding companies have failed except when the grossest recklessness or fraud is apparent. But due to their excessive bond issues they have had but little for dividends. While the earnings of the operating companies fell off by but 14.4 per cent from 1929 to 1932, the amount available for dividends of eight leading holding companies fell during the same period by more than 70 per cent, or from $204,897,500 to $59,657,158.

The Standard Statistics Company has made a financial analysis of the financial results of 20 leading utility companies. This analysis includes four of the more important telephone companies (known to be less profitable in depression than electric companies). This table somewhat reduced for lack of space, gives the following results (in millions of dollars):

Year	*Net Profits*	*Total Dividends*
1927	$447.	$157.
1929	587.	219.
1930	604.	271.
1931	588.	281.
1932	516.	249.

The net profits in 1932 were but $71,000,000, or about 12 per cent less than in 1929, and $69,000,000 or about 15 per cent more than in 1927.

During the same period, 1929 to 1932, general corporate earnings, the country over, fell off more than 50 per cent ("National Income," 1929-1932).

The total production of the United States fell off by 54 per cent. Between 1927 and 1932 the surplus and reserves of the electric companies increased by $726,400,000. During the same years the number of customers increased by 2,072,094, and electricity sold increased by 2,203,094,822 k.w.h.

The companies claim an average reduction in domestic rates, 1929 to 1932, from 6.33 cents to 4.49 cents or about 30 per cent. It is well known that domestic consumers furnish the chief profits of the companies. It is understood that at all times electricity for power purposes is furnished at an average of minimum profit and during severe depression doubtless much of it is furnished below actual cost. Such averages mean nothing if true, and this one is not proved. During this period, 1929 to 1932, dividends in percentages of those of 1929 increased 43.6 per cent in 1930, 23.8 per cent in 1931, and were in 1932 88.6 per cent of 1929. In 1929 after all operating expenses, interest, and dividends, the companies retained $4,716,000, whereas in 1932, $658,615,000 in dividends were paid out of previous earnings, surpluses, and reserves. This was 55 per cent of all dividends paid. This is a sufficient comment on previous complaints of rates.

In other fields, at this time in all of the uncertainty, managers were omitting and reducing dividends and conserving their resources even when they had ample cash. The action of the electric companies shows not only great prosperity, but great confidence for the future. It must not, however, be forgotten that the operating companies were held captive by the holding companies which had to use coercion on the captives to pay dividends or themselves be pushed to the wall. For they had to have this cash to pay fixed charges on their oceans of bonds.

As said recently by the United States Supreme Court (Illinois Telephone case), results speak louder than predictions, estimates, and opinions. Judged by financial results the electrical industry in the last five years has suffered less financially and in its credit than any other important industry. In fact, under present laws, practices, and administration, it has proved itself depression-proof.

Editor's Note: In this connection see also "What the Depression Has Done to Public Utilities," by John Bauer, *Public Management*, October, 1934.

An Example of Rate Litigation and Its Significance

New York Telephone case proof that long drawn out legal battles get nowhere in the proper settlement of rate disputes

NATHANIEL GOLD

College of the City of New York

The last chapter in the long drawn-out New York Telephone case was concluded on February 19, 1934, when the Supreme Court of the United States refused to entertain an appeal by the company from a decision of the District Court of Southern New York.

The lower court decided the case November 7, 1929. It granted a permanent injunction to the company against enforcement by the public service commission of rates ordered by it in 1923 and revised in 1926. The district court had reached the decision after receiving a report from the master in which he found the rates confiscatory. The hearings before the master continued for four solid years. The testimony numbered close to 37,000 pages and over 3,000 exhibits were introduced.[1]

POINTS OF CONTROVERSY

The three judges composing the statutory court spent over six months in a study of the record, with the result that they modified extensively the master's findings. They refused particularly to adopt his views concerning depreciation, going value and rate of return. But they found the rates inadequate.

As to depreciation, the company had provided in current operating expenses charges for depreciation of property due to all causes—wear and tear, inadequacy and obsolescence. This last item was the most important in the telephone properties. The company was in the midst of a large program of converting its manual switchboards into dial operation. Exchanges were being reconstructed. In fact, the company claimed that the rates charged for depreciation were not high enough and that they should be increased.

On the other hand, in the valuation, the company deducted for depreciation due to wear and tear, but made no allowance for inadequacy and obsolescence. Its position was that so long as a unit of property was in active service and functioned properly, no deduction should be made for depreciation, even though a month or a year later it would have to be replaced by another unit. It maintained this attitude notwithstanding an accumulated depreciation reserve of $125,000,000 representing over 25 per cent of the fixed capital balances.

The master agreed with the company that for the purpose of deducting depreciation from cost new, its practice with respect to depreciation charges in operating expenses represented merely an accounting procedure and had no relation to the determination of value.

The statutory court disagreed with the company and the master. It declared that the company could not include in operating expenses depreciation charges due to all causes, and at the same time confine its so-called observed depreciation to only one cause. It held that the company failed to prove the existing depreciation in the property was less than the balance in the reserve. It therefore deducted the entire reserve for the purpose of this case.

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[1] The writer analyzed the 1926 opinion of the commission and the district court decision, respectively, in the NATIONAL MUNICIPAL REVIEW for July 1926 and March 1930.

GOING CONCERN VALUE

The company claimed going value amounting to $48,500,000. It obtained this amount by calculating the time and expense involved in training employes, in building up a system of records, and similar items. The master allowed $35,000,000 without explanation beyond merely declaring that in his opinion this was sufficient. The statutory court refused to accept the evidence submitted by the company on the ground that the items represented recurring outlays of money which are charged regularly to operating expenses. It held that the company could not include these expenses in the valuation any more than it could capitalize other operating expenses.

The court adopted $10,000,000 as the going value of the concern because that had been the amount allowed by the commission. It should be noted, however, that the commission declared at the time that the evidence submitted by the company before it, which rested on a basis totally different from that before the master, warranted no separate item for going value. It stated that the amount was included because it felt constrained by a pronouncement of the federal court when granting a temporary injunction against the 1923 rates that a separate allowance must be made. It therefore added $10,000,000, though against its own conviction. The statutory court thus adopted this amount assuming it to have been reached on a sound basis by the commission.

It was also claimed by the company and confirmed by the master that a rate of return lower than 8 per cent would be unreasonable and confiscatory. The statutory court declared that "a 7 per cent return will amply assure capital and reward investors" and "that a greater rate of return allowed would be unjustified."

These three items constituted the major differences between the claims of the company, the amounts admitted by the master, and the final figures adopted by the court. There were other items in dispute which were either disallowed by the master or allowed by him but rejected by the court. These, however, were not later the subject of appeal.

Notwithstanding the large difference in valuation between the claims of the company and the amount adopted by the court, the latter being only 64 per cent of the former, and the lower rate of return used as a measure of fairness by the court, the rates were found confiscatory. The court permanently enjoined the commission from enforcing the original rate orders or the amended rates that the commission found as fair three years later, in 1926.

APPEAL TO THE SUPREME COURT

Upon the announcement of the decision in November 1929, the New York Telephone Company declared that it would appeal to the Supreme Court of the United States on the ground of the aforementioned three items. The procedure in such an appeal is complicated, and in this case was more difficult due to the long litigation. It was necessary for the company first to search the record for those sections or passages of testimony and exhibits that related to depreciation, going value, and rate of return. Then it had to abstract the record to be presented in a form admissible to the highest tribunal. This huge undertaking was assigned to a staff of attorneys who worked on it over two years.

When the abstract was completed, the company submitted it for scrutiny to counsel for the commission, the attorney general of the state and counsel for the City of New York. There were 3,000 items on which the parties differed. A series of conferences followed, lasting many months during which some of the differences were composed. The rest were submitted to the federal court for determination.

At last, toward the end of a four-year period, the record was handed up to the Supreme Court. There was in the meantime one change of the grounds of appeal. The company withdrew its contest of the rate of return, evidently realizing the difficulty of maintaining at this time that anything less than 8 per cent is confiscatory. It had, therefore, just two items as the subject of appeal, depreciation and going value.

The public representatives maintained throughout the four years that the merits of the case could not even be considered by the Supreme Court and that it would be dismissed on purely technical grounds. This is precisely what the Supreme Court did. It declared that inasmuch as the company obtained all the relief that it asked for from the statutory court, there remained nothing to be considered on appeal. The mere fact that the statutory court accepted certain items questioned by the company as a test of the confiscatory character of the rates was not sufficient reason for appeal so long as the company obtained the relief it prayed for, i. e., finding the rates to be confiscatory.

This outcome seems so simple that one wonders at those responsible for the policy of the company in spending large amounts of money and valuable time of counsel in the vain effort to continue a controversy which had been resolved in its favor. Moreover, even if the Supreme Court had not dismissed the case on technical grounds but considered the merits of the two items, it is hardly conceivable that it would have substituted its judgment for that of the court below under whose jurisdiction the case had been heard for four years and that had studied the record.

As a matter of fact, a similar attitude was maintained throughout the rate case before the commission, the master, and the district court. There was insistence upon claims which on their face had no merit. There was an almost childish delight taken in drawing out the proceedings to unheard of lengths and the piling up of values without regard to consistency or common sense.

A NEW CYCLE AND ITS PORTEND

Thus we have the spectacle of a utility whose rates were the subject of controversy continuously for a period of twelve years. As soon, however, as this cycle of rate litigation had been concluded, another was begun. Again New York telephone rates are up before the public service commission. Thus, the continuous wrangle of a dozen years, at times simultaneously before three tribunals, has settled nothing. This is clearly shown by the very basis of the Supreme Court's decision:

> ......Appellant, having obtained this relief, is not entitled to prosecute an appeal from the decree in its favor, for the purpose of reviewing the portions of the decree fixing the value of appellant's property as of the years 1924, 1926, and 1928, and the rate of return to be allowed. The matters set forth in these portions of the decree are not to be regarded as *res judicata* in relation to subsequent legislative action by the public service commission in fixing rates for the future or in any judicial proceeding relating to such rates.

Indeed, how could it be otherwise? Even if it was made fairly to public and company, what good is a 1926 or 1928 reproduction cost valuation in 1934 after prices of materials and labor entering into construction have radically altered?

Herein lies the real significance of this case. While it may have lasted considerably longer than the average utility rate proceeding, it is nevertheless typical of the problems and difficulties involved in all rate cases. It illustrates particularly the fact that the *measure* of return to which a utility is entitled is never clear and definite under the prevailing regulatory system. The reciprocal rights of the utilities and the public remain undefined and variable even after most exhaustive investigation. The more thorough the work, the longer it lasts and therefore the more likely it becomes obsolete before final decision.

This lack of definiteness as to the fundamental factors of rate control is the bane of the existing regulatory process. It is responsible for virtual breakdown of regulation. It creates and perpetuates conflict of interest. It produces trumped-up evidence, protracted hearings, futile appeals, prohibitive expense, and makes systematic regulation as a regular administrative process an impossibility.

Unless legislatures come to realize the fundamental difficulties inherent in the present system and provide for definiteness of rights and exactness of determination as a regular administrative matter, the efforts of the regulatory bodies are bound to be ephemeral at best, and largely ineffective.[2]

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[2] The defects of the present system are lodged principally in the standards and processes of valuation for rate making. The entire subject of valuation considered both from the standpoint of financial requirements and administration in relation to public policy, is covered by the writer (jointly with John Bauer) in "Valuation for Rate Making," just published by the Macmillan Company.

TVA IDEALS AND PROGRAM

(Continued from Page 580)

Tennessee Public Service Company it will sell direct to the consumers. By arrangement, it will levy a ten per cent surcharge which will in the course of ten or twelve years permit the city to acquire the distributing system for future municipal operation.

It is the hope of the authority to so stimulate the use of electric power that its activities shall be a stimulus and not a deterrent to the whole industry. In setting rates, an effort has been made to include every legitimate item of cost, including interest, amortization, and taxes.

The authority is refraining from any campaign to take customers from private utilities. Prospective customers must take the initiative, and genuine effort is being made to disturb security holders as little as possible.

Ultimately, by these means and methods that may develop as the project progresses, the authority hopes to accomplish several objectives. It hopes to unify the development of water power for the entire Tennessee River watershed and avoid thereby the enormous waste of various independent installations. It intends to support vigorously the position that the generation and sale of power is properly a public function. It hopes to establish a "yardstick" for power, to discover what electric power ought to cost the people, and to provide a comparison between public and private ownership. It hopes to encourage the wider and freer use of electricity in the American home. Lastly, there are dangers and disadvantages in public ownership. To evade or to deny this fact can only lead to trouble. The authority hopes to face honestly these disadvantages and, if possible, to remove or to master them.

Effective Rate Regulation Through Sliding Scale Agreements

Suggesting a method for overcoming the natural resistence of utility owners to rate reductions as profits increase

WILLIAM A. ROBERTS *People's Counsel, District of Columbia*

I AM not attempting in this article to offer a panacea for all of the ills of rate regulation but merely temporary relief pending the development of more effective regulatory principles.

At a recent meeting of the American Society of Municipal Engineers, held jointly with the International Association of Public Works Officials and the New York State Association of City and Village Engineers, in Rochester, New York, there was presented a paper on regulatory principles and at its conclusion I briefly outlined a device for fixing the rates for electric current which has been in use in the District of Columbia for the last ten years. The keen interest in this device shown by the experienced city engineers present, lead to the preparation of this treatise.

I am referring to the sliding scale method, so-called, of regulating the rates for electric current in Washington. In pointing out the apparent success of this device, it is imperative that attention be directed to the peculiar conditions existing in the District of Columbia so that due caution may be exercised in deciding upon its application elsewhere. Bear in mind that Washington is a residential city, with approximately 500,000 population; that because of the nature of employment in government offices and in affiliated institutions there is a rather high proportion of apartment house residences and a compact development of individual dwellings. Beyond the limits of the city, in Maryland and Virginia, there is a more scattered suburban development. All the operations of the Potomac Electric Power Company, the producing utility, in Maryland within a radius of twenty miles of the District of Columbia, are regulated by common consent of the respective authorities under the District of Columbia arrangement.

Stated simply, this arrangement consists of a written agreement authorized by the public utilities act of the District of Columbia between the utility and the public utilities commission. It became effective on January 1, 1925, at the termination of protracted and expensive litigation over rates. An agreed rate base was then established, and under the arrangement it was provided that each year there should be a reconciliation and that the existing aggregate receipts from sale of current should be diminished for the ensuing year by the application of rates calculated to produce less return on the same consumption by one-half of the excess above 7½ per cent earned on the rate base agreed upon. In subsequent years the rate base was to be increased by the weighted average of the net additions and betterments.

At the same time a sliding scale of depreciation rates was devised under which, regardless of all other factors, a depreciation reserve was accrued at the rate of 2.3 per cent of the existing rate base until 15 per cent reserve was reached. Thereafter the accruals would become progressively less until 20 per cent was reached in the reserve, whereupon all accruals for depreciation would terminate until the reserve had been depleted below 20 per cent. The scheme involved provision for the automatic increase in rates, after varying delays, whenever return dropped below 7½ per cent.

Now let us examine the facts. In the early years of the post-war period prior to 1924, Washington was prosperous and growing rapidly. Homes and apartments were crowded, and the official consumption of electricity had not descended from its war-time peak. The domestic rate for electric current was 10 cents per k. w. h. and the average consumption per inhabitant was 26.3 per month in 1924.

Immediately after the decree was signed, the maximum domestic and commercial rate was 7.5 cents per k. w. h. and a slight adjustment of the schedules toward a promotional rate basis was made. The increase in consumption started immediately and progressed with accelerated rapidity with each rate reduction under the sliding scale. The initial rate base in the agreement was $32,500,000, including property located in nearby Maryland. By 1933 it was approximately $60,000,000, and a huge new powered fuel steam plant was put into production. A 90-mile high tension line had been hooked up to hydroelectric sources at Safe Harbor, Maryland, and production costs per unit were being hammered ever lower.

At no time during the entire period had the owners of the plant earned less than 10 per cent net after taxes and full depreciation on the rate base which was admittedly in excess of the dollar investment in the plant. Indeed certain accounting adjustments, by no means radical, would in some years have increased the earnings to 12 or 13 per cent. With a conservative management it is no wonder the few outstanding shares of common stock rocketed to fantastic figures. The North American Company, the principal stockholder, was well satisfied, and when the commission suggested that perhaps the first attempt at a sliding scale slid a little too much toward the company, the order of the commission was appealed, but the reduction was sustained with unimportant modifications by the District of Columbia Supreme Court.

A further appeal was terminated by an acceptance of the new ratios by the company and the substitution in the formula of the following percentages:

> (4) If the rates hereafter yield more than 7 per cent in any 12-month period, on the rate base for that period, determined as aforesaid, the excess over and above the said 7 per cent shall be used in a reduction of rates to be charged the public for electric service thereafter as follows:
>
> If the amount earned is above seven per cent (7%) and less than eight per cent (8%) of the rate base, rates for the following 12 months based upon the business done during the 12 months in which such excess occurred shall be adjusted so that the gross receipts of the company shall be reduced by one half (½) of such excess; if the amount of the return is in excess of eight per cent (8%) and less than nine per cent (9%), an additional amount of three-fourths (¾) of the said excess above eight per cent (8%) shall be used for the reduction of rates; if the amount earned is in excess of nine per cent (9%) a further additional amount of five-sixths (5/6) of the excess above nine per cent (9%)

> shall be used in like manner for the reduction of rates.

At the present time the rate for domestic current is 3.9 cents per k. w. h. for the first 50 k. w. h., with a minimum bill of 75 cents per month, the next 50 k. w. h. costs 3.3 cents per unit, the next 100, 2.0 cents and thereafter, 1.5 cents.

The most commonly used commercial schedule, small stores, etc., run 3.8 cents for the first 100 k. w. h., 3.4 cents for the next 150, and 2.9 for the next 3,300 k. w. h.; all over 3,550 k. w. h., 2.0 cents.

The energy rate for street lighting is difficult to state because of other service and materials supplied, but is approximately .75 cents per k. w. h. The average monthly consumption per *inhabitant* was 67.1 k. w. h. in 1932, and the domestic current sold in the same year was 67 k. w. h. monthly per domestic customer. These averages are being exceeded materially at present.

No sensational appliance promotion program has been conducted. In fact the company recently turned its entire appliance business over to the local dealers—but that is another story.

APPLICATION ELSEWHERE

I am convinced that if proper precautions are taken in its initiation, this system of regulation may be adopted with excellent results in any community in so far as electricity and gas are concerned. In some instances it may also be applied effectively to water rates, but for reasons which will be hereafter shown, the number of such instances is rapidly growing smaller. The sliding scale is only effective in regulating commodity utilities. It has been shown to be distinctly disadvantageous in the transportation utilities, and I doubt its effectiveness in the communications utilities. In the commodity utilities, however, it is almost universally true that greater sales mean lower unit costs and that lower prices will directly increase the quantities of the commodities sold. This may not be an advantage in water plants because of the difficulty of securing an adequate quantity of water and the constant increase in cost as the source becomes more distant from the point of distribution.

It has been asked whether or not such a system would be effective in a small city. It would be my opinion that this is particularly the case, as few small cities can afford constantly recurring and expensive rate litigation. They cannot afford to have in the city organization men who are sufficiently skilled to compete before public service commissions and the courts in the highly technical field of rate regulation. Under the sliding scale method, a single major expenditure to safeguard the terms of the original agreement, together with a minor and comparatively simple system of supervision, insures rate reductions as rapidly as the public can increase its consumption.

In the making of a sliding scale contract, it is essential that the municipal officials have before them accurate and sound information as to the value of the plant. The contract requires consent of the utility, and may require an attitude of compromise while the initial rate base is being prepared. As a first step, a thorough study should be made of the legal powers of the municipality to make sure that authority exists for this type of regulation. Secondly, care should be exercised to make certain that no outstanding franchise or contracts can later be used to prevent the continued operation of the plan after profits start to increase. There should next be an accurate and complete inventory, later to be made perpetual, under which every element of physical property can be identified. In those cities where the source of supply and the producing equipment are located outside of the area to be served, there should be a definite determination of the allocation of producing plant to the particular city introducing the sliding scale contract. Otherwise, by unbalanced allocation of producing facilities, the rate base in a community may be distorted and the plan made a menace rather than an advantage to the consumers. If power or gas are to be supplied at gateway rates by affiliated unit of the local distributtor, a provision should be made for arbitration of differences of opinion as to the reasonableness of this rate.

BASIS OF APPLICATION

It is essential, of course, that the accounts of the utility be so kept that costs attributable to the particular community may be separately examined and the allocations of overhead costs definitely determined. At the same time there should be set up within the city organization an authority definitely charged with the policing and supervision of the sliding scale contract. The extent of this organization will have to depend on the size and finances of the municipality. Unquestionably it is advantageous to secure impartial expert assistance at this stage of the game, although I see no reason why undue expenses for consulting forces should be required thereafter.

In my opinion any such contract should contain a specific clause providing for reappraisal of the rate base once every ten years, and specifically for arbitration of the results of this readjustment. There should be a definite provision for the abrogation of the sliding scale contract upon notice, but the period of notice should not be so short as to destroy the beneficial effects or sense of security which warrant the utility owners in whole-heartedly supporting the rate reduction features of the contract. It is my opinion also that every such contract should contain specific waivers of the right of recourse to the usual rate-making tribunals by the utilities and by the city, so as to prevent sudden use of such devices to avoid rate reductions at times when the municipality is unprepared to meet the requirements of judicial process.

It would be practically impossible to devise a uniform sliding scale contract —local conditions must dictate its terms and the rates of return which form its basis. In any such contract, however, the controlling element should be a progressive increase in the amount available for rate reduction as the earnings increase above the stated minimum and a progressive decrease in the accruals for depreciation as an adequate reserve is approached.

I would like to suggest the consideration of this type of sliding scale rate arrangement in connection with municipally owned and operated utilities. Together with most others who are concerned with the future of such operations, I regret the lack of a systematic promotional plan in their rate structures. The "taxless town" principle is directly antagonistic to the known fact that rates for electric current and costs of production and distribution descend in or raise directly in proportion with each other. It follows that the use of utility principles to collect municipal taxes has the social disadvantage of deterring the consumption of electric current and of gas and the economic disadvantage of increasing costs of production by limiting quantities consumed.

No doubt many defects will be found in the system outlined when applied to given communities, but the tremendous savings in costs of regulation and in time more than offset most such disadvantages and warrant most careful consideration of this method by city officials and technicians who are confronted with the question of public dissatisfaction with utility rates.

What a Small Independent Company Can Do

The Hartford Electric Light Company a pioneer in methods of meeting problems of depression

R. A. GIBSON *Hartford Electric Light Company*

THAT the Hartford Electric Light Company has met the problems of economic readjustment with some degree of success is indicated by its winning of the Charles A. Coffin Medal for 1933. Its record is particularly impressive in increasing domestic usage and decreasing prices, and the company has achieved a national reputation despite its relatively small size.

In January of 1923 Mr. Ferguson, president of the company, said in an address, "Confining my remarks to residential appliances, the less spectacular load, rather than the big industrial installation. . . I want to direct your attention to the household use. . . You have a potential field of 50 to 100 per cent more than the lighting kilowatt-hours." Again in October 1928 before the Association of Edison Illuminating Companies, "That I may not reach the goal I set for my company in the appointed time is no reason for not having a definite program, which program is that within five years every customer who wishes to make full use of electricity in his home for light, refrigeration, cooking, hot water, and miscellaneous services, shall be able to do so at a rate not to exceed 2½c per k.w.h. and that the average usage shall be so increased that as a result the average revenue from domestic business as a whole shall be below 4c per k.w.h. for an average of 800 k.w.h. of service." These plans, inaugurated in 1922 and 1923, and announced in 1928, were based on observations of the depression of 1921, and the judgment which put them into effect has been substantially proved during the past few years.

It goes without saying that the plans have been carefully cultivated by all available means. Carefully designed two-part promotional rates have done their part. The attention to load building has been continuous and effective—refrigeration saturation is high, an off-peak water heater has been designed by the company and installed in large numbers on a rental plan, an "electric home" development has been successfully carried on, use has been made of employees as a trial laboratory for low rates, with startling results, and farm use has been extended far above the average for the eastern seaboard.

Illustrating the determination of the company to develop domestic business at low rates is the trial range plan inaugurated in 1933. Under this plan a customer pays a small wiring deposit and then has a free trial of an electric range for a year. Thereafter rental of $1.30 a month is charged. At the end of two years' use the trial deposit is credited to the customer, and there is at no time any obligation to buy. Range installations in 1933 more than trebled over the preceding year and dealers' sales increased 40 per cent.

Now as to results!

Probably one of the most striking pictures of the results of the form of rate, combined with distinctly promotional energy prices and active load building, is expressed in "A Study of the Domestic Use per Customer with Relation to Form of Rate" taken from thirty-three companies, comprising all the larger eastern systems. These companies have been arranged in order of the domestic use per customer for the years 1927 to 1933 inclusive. It is significant that Hartford has advanced from a position well down in the rating in 1927 to the top in 1933, while two other companies using nonpromotive types of schedules have fallen from near the top to below the middle point. Other things being equal, the figure of average k.w.h. use is a quantitative measure of the composite customer's approval of the price and rate structure presented to him. Such approval or disapproval is genuine because it is expressed by consistent performance rather than by sporadic comment. The average use per customer has increased from 286 k.w.h. in 1922 to 793 k.w.h. in 1933, and is now 30 per cent above the average for the country as a whole. This increase continued throughout the depression and was 4.9 per cent for 1933 over 1932.

In the same period of 1922 to 1933 the average rate has decreased 52.7 per cent, and for 1933 was 2.55 per cent under 1932. The average rate for 1933 was 4.58c and rates as low as 1.71c were being enjoyed in over 750 all-electric homes.

It is also noteworthy that the proportion of domestic revenue to total revenue, exclusive of sales to other utilities, increased from 26 per cent in 1921 to 39 per cent in 1933, in spite of eight reductions in domestic rates during the period. This better balancing of retail business has been of great benefit to the company, and to its customers by the strengthening of the company's position.

A load study made of a typical group of average sized single homes in suburban territory served by the company is graphic illustration of the results achieved. There were 27 customers using 22 refrigerators, 11 ranges and 8 off-peak water heaters. The total connected load was 230 kilowatts, all of which was served satisfactorily by a 15 kilowatt transformer. Still more striking is the fact that the average rate for this entire group of customers was 2.8c a k.w.h.

It is not often that plans can be conceived and carried out as these have been. This company takes pride in the fact that it observed the lessons of 1921 and by its own efforts met the conditions of 1930-33 in a way which has been generally recognized as an outstanding achievement.

Progress in increasing usage and decreasing rates has been paralleled in this company by progress in technical performance. The company has been, since 1920, about four years ahead of the average for utilities of the country in reducing its coal rate, and attained a rate of under one pound per k.w.h. in 1933. In coöperation with the General Electric Company it has developed the mercury boiler and turbine, a unit of which installed in its station produced 102,500,000 k.w.h. in 1933 at a coal rate of 0.74 pounds per k.w.h. The company has also taken an important part in the formation and operation of the Connecticut Valley Power Exchange, which has helped to bring and keep production costs down. A study of the company's history shows a dozen or more pioneer accomplishments in the technical field which later became standard practice all over the country.

Editor's Note: This statement was particularly requested because of Mr. Ferguson's distinct leadership in progressive power policies and his actual accomplishment in stimulating residential consumption.

New York Utility Legislation 1934

Consumer the victor in legislative fight between utilities and Governor

WINTHROP PALMER

Chairman, Public Utilities Committee, New York Women's City Club

THE New York utility companies suffered a spectacular and serious defeat in '34. They not only lost their fight against "stricter regulation" but also their right of exclusive domain in the field of gas and electricity. Municipalities can now go into the power business.

Three reasons may be given for this smashing set-back of private management by public control. The anti-utility-company party maintained an unaltered tactic and a concentrated offensive, and was united under the single command and authority of a responsible and respected chief. The utility companies, on the other hand, were divided under several managements and were in the end sold out by one of their own units in an intrigue with a renegade to the public trust.

Much of Governor Lehman's '34 program "for the stricter regulation of utility companies" had been pressed before. The public service commission had asked for more adequate funds with which to carry on its ever increasing burden of statutory duties and responsibilities. But in spite of the able and authoritative report of the 1930 commission on public service law revision, an unhurried legislature debated, deliberated, took little action. It is estimated that on appropriations approximating $1,000,000, the New York Public Service Commission attempted and did not succeed to effect the required regulation of electrical, bus, street railway, gas, and telephone companies representing a claimed investment of over three billion dollars.

THE LEHMAN PROGRAM

It took State Senator Warren T. Thayer and the Chateaugay incident to startle the legislature, the public, and the public's opinion. When damaging correspondence between a former member of the aforementioned 1930 commission and the Associated Gas and Electric Company was found and published, ten of Governor Lehman's eleven points swept to success.

The ten points in summary can be conveniently grouped as follows:

1. Municipal ownership and operation of gas and electricity.

2. Adequate financing of public service commission at the expense of the utility companies.

3. Expansion and extension of public service commission control to include rigid reforms of utility company financial and rate procedure.

1. The municipal ownership bill is permissive legislation. It authorizes any city, county, town, or village to construct or acquire gas and electric plants for the purpose of furnishing service to its residents and under cer-

tain conditions to residents outside its territorial limits.

Advocates of public ownership emphasize the regulatory power of "competition by example" and not by rate war. Objectors agree with George B. Cortelyou, President of the Consolidated Gas Company, who said: "If a city is to be given the right to go into the power business it certainly ought to be required to take over at its fair value the property of the company now furnishing the service. It is inconceivable that a duplication of the enormous investment should be permitted, and I think that the people who invested their money in the present properties should have the right to be reimbursed for what would be destroyed."

2. Under-financed and therefore inadequately staffed commissions cannot keep valuations up to date, investigate rate schedules, audit annual reports of operating expenses, or carry on vital research work. The amended law now provides for the assessing of part of all of the expenses of commission service upon the utilities or those benefited, provided that the total amount charged during any calendar year shall not exceed one half of one per cent of the gross revenues of the utility in question. This means in brief that the consumer of the utility service foots the final bill for the regulation of that service and that the general taxpayer does not—a policy in line with the "benefit theory of taxation".

3. Of all the new powers granted the public service commission, none is so dramatic as temporary rate fixing and none has caused more bitter outcry from outraged utility men. Under the new law the commissioners have authority to order temporary rate reductions up to a point at which the company in question would obtain a return of 5 per cent on its original investment less depreciation of such of its property as is used in public service.

Stockholders of the Consolidated Gas Company received a letter from their president, Mr. Cortelyou, urging them to attend public hearings and to oppose the bill. "Passage of a measure authorizing temporary rates yielding not more than a 5 per cent return would mean the reduction and possible passing of the dividend on the common stock and would depreciate the value of preferred shares and bonds. The bonds, preferred stock, and nearly all the common stock were issued with the approval of the Public Service Commission."

UTILITY HOUSE-CLEANING

Financial house-cleaning for the utility companies has been prescribed for some time and by many people. It has now begun in earnest and on the ground floor. In order to preserve for the exclusive use of an operating company funds collected from its consumers, no company may loan or advance money to any subsidiary, whether holding or affiliated, without the prior approval of the public service commission. This provision against "lateral" loans is in harmony with the '33 bill forbidding "upstream" financing.

Further good housekeeping devices installed for use by the commission are: (1) The defined authority of the public service commission over gas and electric transmission companies; (2) The new definition of an "affiliate" as a person, company, or corporation owning or holding 5 per cent or more of the voting capital stock (it was formerly 10 per cent) of a utility company. Said the public service commission in recommending this measure: "The spirit of the law has been violated by the formation of a string of corporations each holding less than 10 per cent but in the aggregate holding practically all of the stock while a single holding company controls them all"; (3) The prohibition of "management charges" between affiliated public utility companies unless such charges are embodied in a "reasonable" contract approved by the public service commission.

The eleventh point of the Governor's program, the bill that did not pass, was part of the increased regulatory grants to the public service commission. It required the utilities to award construction contracts in excess of $25,000 to the lowest bidder after public advertisement. The immediate objective of this bill was to reduce operating costs.

WHAT TYPE OF CONTROL?

In forty-seven of the forty-eight states (Delaware the exception), the utilities or those privately owned and operated businesses "affected with public interest", are under the supervision of state commissions. Since 1907 the regulatory offices of competition have been re-enforced by the jurisdictional authority of a state agent.

The first commissions were established in Wisconsin under La Follette, in New York under Charles Evans Hughes. They acted largely as license bureaus and boards of special inquiry as did the forty-five other commissions that followed after them in as many states. But in the '20's the science of electricity grew big with new progeny, and jurisdictional regulation had to be supplied with a stouter stick. From 1920 to 1930 total appropriations for public service commissions in the United States, according to William E. Mosher, increased from $4,387,435 to $7,113,851, which represents the cost of regulating $25,000,000,000 worth of property; and in thirty years the functions as well as the funds have increased. Henry C. Atwill of Massachusetts, one of the most experienced commissioners in the country, said in '30: "In fact, we are a branch of the legislature. We are performing a function that the legislature has not got time to do, so they appoint us the agents to do it for them."

But David Lilienthal, formerly chairman of the Wisconsin commission, now director of the federal government's TVA, wrote for the National Electric Light Association in 1932: "The proper function of a state commission for the regulation of public utilities is not to sit as judge of evidence presented by contending parties but to serve as an aggressive fact-finding body," which is curiously like a comment from the enemy camp. Floyd Carlisle, board chairman of the Niagara-Hudson Power, addressed the New York State Bankers Association a few weeks after the 1934 utility legislation went into effect. Said he: "Regulation inevitably results in fixing prices. The governmental agency fixing such prices does not necessarily insure their realization. Back of all enterprises, whether government owned, privately owned or regulated, the basic law of supply and demand operates. A great difficulty is to define to what degree regulation shall interfere with management. In the early days of public service commission regulation of utilities, fact-finding was the primary object sought. Now more and more, commissions have come to initiate rate proceedings and to prosecute them as well as to judge them."

But for all its new trappings of authority public control may not outdistance private management. Permissive municipal ownership is a bright and beautiful spur. Will a boot of positive local leadership be found to kick that spur deep into public inertia—deep enough to prod a lazy and languid citizenry to do more than snivel and whine about the big bad wolf of entrenched power companies?

It is true that to date power company dividends have been cut in anticipation of rate reduction but it is also true that power companies have filed suits against the public service commission on constitutional grounds.

The supreme court has handed down

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The Place of Leagues of Municipalities in Representing the Public's Interest in Utility Rates and Policies

Establishment of permanent utilities bureau connected with state leagues suggested as means of protecting interests of the public

PATRICK HEALY, III *Executive Secretary, North Carolina League of Municipalities*

"A 5 PER CENT reduction in electric and gas rates means as much to the average home owner as a 20 per cent reduction in the city tax rate!" This statement by Paul V. Betters, Executive Director of the American Municipal Association, came as food for thought to the mayors and other municipal officials assembled in the recent convention of the North Carolina League of Municipalities. And it will engage the attention of others interested in seeing the cost of living reduced.

If we are interested in reducing the cost of living to our communities, we should look not only toward the governmental costs but also to all other elements going to make up the total cost of living—especially the utilities services. Much has been written and spoken about curtailment of municipal budgets and expenditures, but the bankers and budget committees have said little or nothing as to reduction of utility rates. When we consider that the public pays in local utility rates about 10 per cent more in money than it does in local taxes, there is no logic in the predominance of the issue of governmental costs to the absolute exclusion of the issue of utility charges.

During the past two years the public at large has become quite thoroughly antagonized toward the utilities interests. This might be explained by the growing resentment at almost undisputed monopoly; or it might have come because of disillusionment through sad experience with certain unsound utility financing; but most likely it is because utility rates remained high in the face of greatly declining prices in all other lines during the years of depression.

The cost of living index of the United States Department of Labor declined 22.9 per cent in the three years from December 1929 to December 1932. Contrast this with the 5 per cent decline in domestic gas rates per 1,000 cubic feet of manufactured gas in fifty-one principal cities during the same period, or with the 4.5 per cent decline in domestic electric light rates in the same interim.

Yet this failure to reduce rates in line with other declining prices is not the only reason for the public's increased resentment toward the policies of the utility interests. Electric energy has become an every-day necessity. Although at one time it was considered a semi-luxury, its increasing use in almost every phase of our modern industrial, domestic, and social life has made it indispensable. The increase in k. w. h. used per domestic customer per year was 27.6 per cent from 1927 to 1932. People's desires are for lower rates for this modern necessity, and they resent the continuance of high and prohibitive charges.

Lower rates are obviously the greatest incentive to increased use. Statistics of the quinquennial census of electrical industries compiled by the United States Department of Commerce show that in one state where the average cost was 7.3 cents per k. w. h. the use per domestic customer was 460 k. w. h. per year, while in the state having the lowest average rate, 2.7 cents per k. w. h., there was the highest use, 1212 k. w. h. per domestic customer per year.

In 1932 the average consumer *cost* per k.w.h. for *municipally* owned and operated systems throughout the country was 16 per cent *less* than the average for private utilities, and the average *use* per domestic customer served by *municipal* plants was 18 per cent *greater* than the use per customer of private utility systems. Domestic customers provide approximately 60 per cent of the total electric revenues from all sources. This would certainly tend to prove not only that lower rates result in a greater use of electricity but also that public ownership results in lower rates and, consequently, greater use and public advantage.

An interesting observation with regard to existing financial conditions of municipal governments in the United States is the fact that those municipalities which own and operate their own utilities apparently have weathered the storm of depression in much better shape than those which do not. As we all know, there is today a tremendous drive for municipal ownership of electric plants. The Tennessee Valley Authority is exerting a large influence in this direction. And the Public Works Administration, by lending money at a reasonable rate of interest, has made it possible for many municipal plants to be built.

Many public officials feel that the time has come to outlaw the insolent Insulls who have destroyed the faith of many people in private initiative and leadership. The stockholders in the Insull corporation lost more than all the money represented in the defaulted municipal bonds of the country.

MUNICIPAL LEAGUE FUNCTIONS

Whether we like it or not, the problem of public utility regulation, the question of public ownership and the subject of social control of our natural resources are some of the dominant problems facing public officials of the United States today.

That is where the state leagues of municipalities come into the picture. They are voluntary associations of cities, villages, towns and counties for the purpose of advancing the best interests of sound municipal government through coöperation. The municipalities in over thirty states are thus united to exchange information and experience upon all problems relating to the administration of municipal affairs. Many common problems exist, and where there are common interests, coöperation is necessary.

Recognizing the value of coöperation and assistance to each other, the state leagues in 1924 established the American Municipal Association as a national federation. This exists to serve the state leagues on all matters upon which they need assistance.

LEAGUE UTILITY BUREAU

But no league has yet established a full-time public utilities service. We have attempted to point out that utilities constitute one of the most important problems confronting public officials today. We have also shown how the leagues have been established to assist these officials with other problems. Some leagues, including those of North Carolina and Virginia, are giving serious attention to the question of establishing a public utilities service as a full-time function in addition to the other services being rendered their member municipalities.

A proposal has been drafted to organize a utilities bureau in conjunction with the American Public Utilities Bureau and the North Carolina League of Municipalities. The object is to provide efficient and systematic professional service in utility matters at minimum cost to communities included in the league. The bureau would be separately organized and financed, but its activities would be conducted in coöperation with the American Bureau. It would serve as a special division of the league for utility research, investigation and consulting, would have such staff organization as may be needed, and in all its activities would have available the data, studies, and assistance of the American Bureau and its affiliates.

The plan is that the league bureau would form one unit of a group of affiliated bureaus in other states organized in coöperation with the leagues of municipalities or similar municipal groups. The several state units would be coördinated through the American Bureau under uniform arrangements as to service, fees, costs, and the development of an effective "clearing house" for utility information investigation, and advice.

The bureau would have its headquarters with the league, and would be operated in conjunction with the league. It would be under the general administrative supervision of John Bauer, as director, who is also director of the American Bureau, and similar affiliated units, and who would serve without salary from the league bureau. It would be under the direct executive control of a resident director who would devote his entire time and efforts to the purposes of the bureau, and would receive a small, regular compensation from the league.

The bureau would carry on the following activities:

(1) Analyze the annual reports filed by the principal utility companies with the state utilities commission, and in addition answer inquiries with respect to utility matters which require no special research. The analyses would include the financial and operating results, major improvements and costs, and particularly rate studies. They will be submitted to the league and its associated municipalities and will furnish the facts and interpretations on the basis of which efforts for rate adjustments, etc., may be determined.

(2) Prepare surveys and reports for individual municipalities with regard to particular utility undertakings, including especially the establishment of municipally owned utilities, so that the municipal officials may be informed as to the wisdom of the undertakings, the costs, advantages, and alternative possibilities.

(3) Make annual or other periodical surveys and audits for individual municipalities with respect to the operation, maintenance, extensions, improvements, rates, and finance of municipally owned and operated utilities, so that they may effect maximum efficiency and furnish the highest standard of service at minimum cost.

(4) Provide the technical services required by municipalities in efforts to obtain rate reductions or adjustments, and in other special matters concerning regulation of privately owned and operated utilities, including valuations, cost studies, rate analyses, preparation of evidence to be placed before the commission or courts, the presentation of expert testimony, and similar technical assistance that may be needed.

(5) Conduct such special utility inquiries as may appear desirable to the league for public purposes, including the preparation of articles and pamphlets and assistance in connection with efforts made to obtain changes in public utility statutes and in the establish-

ment of utility policies on behalf of the state.

Uniform fees would be charged for special services to individual municipalities.

The American Bureau would be the coördinating medium of the several state units and would constitute a comprehensive, coöperative organization. It would be duly incorporated; and its policies, activities, and financial transactions would be subject to determination by its board of directors on which there would be representatives appointed by the state units.

SYSTEMATIC SERVICES NEEDED

This is a sound, practical plan for the public's interests to be continuously represented in utility rates and policies. While it might be claimed as duplicating the functions of the state utilities commissions, this argument can be effectively answered by asking for an example of any commission which is now engaged in such functions as to make the plan a duplication. The commissions were doubtless established primarily to protect the public interest against possible encroachments by utility companies. But in spite of their right of intervention and initiation of action, many commissions look upon themselves primarily as judges called upon to settle issues that are raised by the consumers on the one hand or the companies on the other.

There should, therefore, be some full time agency to make investigations, institute proceedings, and render assistance to municipal authorities. Such an office has been established in connection with the Maryland and District of Columbia commissions. The commission itself then hears the cases and passes judgment on the basis of which orders are issued.

The recent act of Congress prohibiting the issuance of a federal injunction against the orders of a public utilities commission insures official recognition of the commission's record as the basis of action. It prohibits the utilities from side-stepping the commission as the regulatory agency of the state. But the companies still have the right to appeal to the state courts for a judicial review of the orders of the commission. In such review the courts do not have the right to substitute their judgment for that of the commission but to rule on whether the commission acted within its legal powers, whether its action was or was not based on the evidence, whether it did or did not act capriciously, arbitrarily or unreasonably, and finally whether deprivation of property was involved without due process of law. It is extremely important, therefore, that the evidence and the record be complete, so that the commission may make a proper decision. That is where the league of municipalities would represent the public's interests and assist the commission by furnishing technical rate experts on behalf of the public.

But this function of providing the technical services required by municipalities in efforts to obtain rate reductions or adjustments is only one phase of the whole plan for a league utility bureau. Other services which the bureau would render could in no way be criticized as duplicating the functions of the state public utilities commission.

The leagues are already representing the public's interests in utility policies and, in some instances, rates. By advocating or opposing legislation introduced in the state legislatures and in Congress, the leagues, through the coöperative action of their member cities, have a great deal of influence in the determination of all policies affecting municipalities, including utility policies. A good example of this is seen in the last session of Congress. Near the end of that session the American Municipal

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Can Government Leadership Cut the Valuation Tangle?

Federal and state co-operation, led by Federal Power Commission, suggested for determination of "fair value" as basis of rate adjustments

JOHN BAUER

Director, American Public Utilities Bureau

THE public interest in utilities has been badly jammed during the depression. At a time when it should receive uppermost consideration, the difficulties of proper dealing have become grossly compounded. Notwithstanding the need and growing demand for rate adjustment and reformulation of policies, there is practically country-wide deadlock. This applies particularly to electric power, which has become the paramount utility with which public authorities are concerned.

We are living in a power age. In every state and community permanent prosperity and economic progress depend basically upon adequate and *cheap* power. This applies not only to manufacturing processes, but to practically all ranges of commercial activities, agriculture, the homes, and constantly enlarging public uses. Cheap power embodies the most fundamental of public interest. Consequently its proper development, organization, and control on behalf of the states and the communities are of supreme importance.

In view of the superimportance of electric power, little is being done to protect the public interest and establish effective policies. Whatever leadership and constructive efforts have been asserted, have come mostly from the federal government. They include not only the undertakings of the Tennessee Valley Authority and other projects, but also the Federal Power Commission's country-wide investigations of power resources, rates, and distribution costs. While these investigations carry no authority for rate adjustments or policy action, they convey information and stimulate interest among states and local communities. They furnish a starting point and suggest what may be done for the advancement of public interest and formulation of policy.

NEEDED RATE ADJUSTMENTS

The special point for critical consideration here is the grave need of obtaining prompt and far-reaching rate adjustments. For the most part, electric rate levels have remained unchanged since before the depression, when they were already excessive. While in many instances moderate revisions have taken place, the reductions have not corresponded with the tremendous decline in price level and contraction in purchasing power; nor to the advance in power technology and attainable economy. An excessive proportion of consumer income is perforce devoted to electric bills. Slashing rate reductions, especially in certain classes of consumption, are also needed for desirable application of electric power to expanding ranges of economic and social uses. The high rates stand against progress throughout the country.

To obtain the needed rate adjustment through regulatory processes, the first step is to make proper valuations of existing properties. For each company the present "fair value" or rate base must be determined. Without such prior determination, no reasonable adjustment of rates can be practically made. The amount in each instance, under the law of the land, must be based upon present and prospective costs of construction, together with other factors, with due consideration of the physical wear, decay, and other depreciation of the properties.

These determinations are prerequisite in every state to adjustment of rates and for the formulation of a needed power program for the future. But how are they to be made? Under prevailing procedure, they involve extensive conflict of interest between private and public rights, and therefore lead to drawn-out and expensive investigations and hearings. They call not only for the expenditures of large sums of money, but also for the consideration of reasonable and practical methods.

The controlling difficulty in most states is the lack of funds. The duty and power to fix rates have been delegated by the legislature to special commissions. These are supposed to be expert bodies, with special personnel, to make valuations and cost studies, and to fix rates in the public interest. But now when the need is greatest, they have been extensively stripped of funds. Under the state "economy" programs, they have been left largely unable to function. When practically every power property in the country should be revalued on the basis of present conditions, there is not a single commission which has adequate funds for that purpose. What the taxpayers "save" on commission support, they lose many hundred-fold on excessive rates and in failure to fix reasonable power policies for the future.

GOVERNMENT LEADERSHIP IN VALUATIONS

What can really be done? How can proper valuations and cost studies be made? We believe that broad-gauged coöperation between the federal government and the states is essential. While the federal government should not attempt to impose its desires upon the states in purely intrastate matters, it can nevertheless coöperate with state agencies, helping them to meet immediately the emergency conditions of needed rate adjustments and to lay the foundation for the development of future policies in the public interest.

What are the possibilities of federal and state coöperation in dealing with the power situation? While there are various alternatives, we shall propose a clear program which seems practical and should be acceptable to the federal, state, and local authorities. The principal points are as follows:

1. Let Congress appropriate an adequate sum of money to provide for power property valuations and cost studies throughout the country, entrusted to the administration of the Federal Power Commission. The federal government would pay the basic costs that would apply to all the states, while the state governments would pay the more distinct costs of state application. The states would receive the benefits only as they voluntarily accept the plan and as they pay the designated local costs of the work.

2. The Federal Power Commission would be authorized and directed to coöperate with the state commissions in formulating a program. It would work jointly through a special committee created for the consideration of all matters of policy and procedure. The committee would consist of representatives selected by the Federal Power

Commission and by the participating state commissions.

3. The committee would have for consideration, first, a comprehensive classification of properties for the preparation of uniform inventories of the different companies. Uniformity would be essential. Furthermore, the units of property as defined for the inventories, should be as large as practicable to avoid multiplicity and complication of details. Separate itemization of small units which constitute a part of a larger unit has no importance; it only adds complexity and cost. Each unit as defined would have the same significance as to all properties included in the valuation.

4. Another major task would be the determination of standard unit prices for complete installation of each class of property as defined in the classification. Careful studies would be essential. Factors would be established to meet variation in conditions. The unit prices would then be applicable to all the inventories of the different companies in participating states according to the particular conditions.

5. Also general studies of depreciation would be made, to provide both for uniformity of conception, bases, and methods of valuation. They would then be applied to the different properties in the participating states.

6. After the establishment of classification, unit prices, and depreciation standards, each participating state commission would require every power company under its jurisdiction to prepare and file an inventory of properties according to the accepted classification. Much of the data would be taken directly from existing records; so far as practicable detailed field counts would be avoided. To assure accuracy, the inventories would be spot-checked jointly by the state commission and the Federal Power Commission.

7. After filing and spot-checking of the inventories, the next task would be to apply the standard unit prices, and to make the requisite determination of depreciation.

8. The final determination of "fair value" would naturally be made by the state commission separately for each particular property. It would take into account the results obtained through the coöperative procedure as well as other evidence that may be presented by the companies or otherwise produced to supplement the joint studies. By the adoption, however, of basic uniformity of classification, unit prices, and depreciation, all the properties in the different states would be valued substantially on the same basis. The results would furnish a harmonious basis for systematic rate adjustment by the different commissions in the interest of the country at large.

9. Besides valuation, coöperative procedure would be extended also to operating costs, so as to fix standard requirements under different conditions, and to rate schedules so as to maintain maximum conformity both as to type and level of rates.

10. Besides the immediate studies for the readjustment of rates, consideration should be given also to future policies and methods of dealing with power properties from the public standpoint. This would include the character or organization as well as the basis of control for the prompt and continuous readjustment of rates and for the general promotion of use according to state and national welfare.

DIVISION OF COSTS

The cost of such comprehensive investigation could be kept within a very modest sum considered in relation to the importance of the job. Economy of procedure would appear in careful planning and in the standardization both of classification, unit prices, and all other phases of the work. The federal government would bear the direct cost of creating the coöperative machinery and making the general studies that apply jointly to all the properties.

With respect to the actual application of the policies and standards, the direct cost would be borne by the states, either by the commission, or by municipal contributions, or by any other state arrangement. The federal government would pay only the cost of its representatives in participating incidentally in spot-checking, in the application of unit prices, and in other aspects of the total procedure.

No state would participate unless it chose to do so. The federal government would in any case provide a committee of country-wide representatives under whose auspices the general studies would be made. In the application of the general studies to the properties, the decision would be entirely a matter for state determination.

We believe that the federal obligation of such an undertaking would not exceed five million dollars. But even if double or ten times the amount were required, the expenditure would be justifiably incurred many times over. Before congressional action is taken, however, the Federal Power Commission would furnish a detailed estimate. State costs would depend upon individual conditions. In no case, however, would the expense be prohibitive or particularly burdensome. Federal assistance would be furnished throughout in standardizing procedure and in keeping costs to a minimum.

SIMPLICITY AND STANDARDIZATION

In the history of valuation and rate cases, frequently high and prohibitive costs have been incurred. For the most part this has been due to lack of standardization; each case has proceeded independently without regard to what was ever done before. It has called for a separate inventory without standardization, new unit prices without regard to previous determinations, independent overheads, individual depreciation without regard to formulated principles and established procedure. Furthermore, there has always been an interest in preventing speedy and simple determination. In some instances the object was doubtless to "build up" costs to prohibitive figures so as to keep commissions and municipalities from undertaking rate cases.

Through standardization, uniformity, and practical procedure, the costs can be kept at moderate figures that would be justified many hundreds of times because of immediate rate reductions and the clearing of the way to the establishment of desirable power policies. The deliberate objective would be to keep costs down, to simplify and standardize procedure, and to get results as promptly as possible consistent with fair dealing. No dilatory and antagonistic course would be permitted to interfere with public purposes.

To do an adequate public job requires federal initiative and financing. Otherwise, in most states practically nothing will be done; injustice to consumers will be continued; and the attainment of reasonable power policy will be postponed to the indefinite future. If provided along the lines suggested, federal leadership would doubtless enlist country-wide participation by the individual states.

We urge the proposed program for consideration by all public groups interested not only in reasonable rate adjustments but in effective power policies for the future. We appeal to state commissions, municipal officials, public organizations, consumer groups, and public-spirited citizens. With such support for the program, doubtless action could be obtained from Congress in its next session, and the job could be promptly started with untold value to the public interest.

The New Trend To Public Ownership

Sentiment for municipal ownership grows as increased opportunities are presented to prove its merits

HARALD M. OLMSTED

Public Utility Consultant

THE status of public ownership of utilities at the present time, and more particularly the present-day trend, are difficult to determine with statistical exactness. The general situation, however, can be reasonably well established, and there are reliable indications which point quite definitely to an increase in the extent of public ownership.

As an illustration of the difficulty in knowing the exact facts regarding ownership, the current year has produced at least four different compilations of data on the number of municipally owned electric light and power enterprises in the United States. While the results are not vitally in conflict, neither are they in close agreement.

The first of these is contained in the report of the Bureau of the Census covering central electric light and power stations, which shows for 1932 a total of 1,802 municipal and 1,627 commercial (privately owned) establishments. The municipal establishments were thus 52.5 per cent of the total. As the commercial establishments are in many cases large systems serving many municipalities, and cover most of the large centers of population, they do 94.1 per cent of the business. Of the 1,802 municipal systems, 865 generated part or all of the electric energy sold. Despite a decline in the number of municipal establishments as well as in the number of commercial ones, the installed horsepower in the municipal plants had increased from 2,048,722 HP in 1927 to 2,775,649 HP in 1932, constituting 5.8 per cent of the total for the country.

A second source of information of similar character is the Institute for Economic Research, affiliated with Northwestern University, Evanston, Ill., which for the last seven years has sponsored painstaking investigation into the extent and character of municipal ownership in the light and power field. In an article by Professor Paul Jerome Raver in the Institute's *Journal of Land and Public Utility Economics* for February 1934, he reports 1,849 municipal establishments as of December 31, 1932, 905 of which generated all or part of the energy sold. His figures show changes from year to year, and the total mentioned is a decline below 1931. He points out, however, that this decline was very slight—thirteen establishments—whereas the annual decline for seven years previously had been several times as great; and the decline in number of generating plants had been replaced by a slight increase.

Another comprehensive list of plants appeared this year in "Municipal Electric Plant Managers," by Edna C. McMahon, published by Public Administration Service, Chicago. This list, which was based primarily on 1931 data, with some changes in the light of Professor

Raver's studies and other sources of information, gives a total of 1,808 establishments, 906 of which generated part or all of the energy sold.

Another survey of municipally owned electric establishments has been made by the Mississippi Valley Committee of the Public Works Administration, which shows 2,390 municipal establishments with 1,665 having generating plants. This report, it is understood, is tentative, and subject to later correction.

The government compilations mentioned are supposed to include only municipal electric systems doing a commercial business, whereas Professor Raver's total includes some thirty-one plants which generated for street lighting and other municipal purposes only, according to his complete list of municipal generating plants published in the August 1933 *Journal* and the 1933 "Municipal Index."

CHANGING MOVEMENT

To obtain a complete and up-to-date picture of municipal ownership year by year would call for an organized effort which no agency, governmental or otherwise, has found feasible to undertake continuously. The preceding data, with the exception of the tentative PWA figures, represent conditions of one to two years ago, and so far as trends were concerned, were downward, excepting as Professor Raver's figures foreshadowed a reversal.

The downward trend had decreased largely because the efforts of privately owned power systems to acquire municipal plants had been greatly checked by the depression. Now there are various positive tendencies toward increased public ownership, prominent in which is the aid given by the federal government in the form of PWA loans and grants, and also the special case of the Tennessee Valley Authority.

The PWA on August 23, 1934, reported that $192,518,900 had been allotted for construction and improvement of publicly owned generating plants, by far the greater part of which —$146,250,000—was for five federal projects: the Bonneville and Grand Coulee plants on the Columbia River, the Fort Peck Dam on the Missouri River in Montana, the Casper-Alcova project in Wyoming, and additional money for Boulder Dam on the Colorado River. The non-federal projects total $46,268,900, and are expected to require $50,031,293 to complete. They include some twenty-two new municipal plants serving approximately 278,000 people. The PWA financing is on the basis of an outright grant of 30 per cent of the cost of labor and material, the rest being a government loan.

The Tennessee Valley Authority, to which $75,000,000 has been allotted by the government, is a great stimulus to municipal ownership in the territory which it serves. Knoxville, headquarters of the TVA, is to have public ownership, and many small municipalities in the Tennessee Valley have decided to acquire the local electric systems and purchase power from the TVA.

TECHNOLOGICAL INFLUENCES

The activities of the TVA illustrate one type of technological development which has heretofore tended strongly toward more private ownership in the electric field. This is the transmission network type, which the private companies have found much simpler and easier to bring about than has ordinarily been possible for municipalities. It is expected that other federal projects now building will emulate the TVA's power distributing activities.

But the transmission network is by no means the controlling type of development affecting the trend of public ownership. There is plenty of opportunity for the local generating plant which can give a more dependable supply of electricity than the transmission system, and it does not require a place of very large population to justify it economically. This has become particularly true regarding Diesel-engine plants, which are now the dominant type of municipal generating plant, other than in large cities, and have demonstrated their economy and reliability.

The electric field continues to be the most active sector in utility development, and may be expected to show the greatest increase in public ownership among the utilities. The water-works industry, where municipal ownership is dominant, showed prior to the depression somewhat of a stimulation of private acquisition of small municipal systems, but this tendency is no longer apparent, and water works as well as electric plants have had the further stimulus of PWA grants, and previously of loans from the Reconstruction Finance Corporation. In the gas industry, the foothold of municipal ownership has been retained, but not noticeably changed. This is much the case with municipal transportation systems also. There seems to be no immediate likelihood of public ownership invading the telephone business.

The existence of municipally owned utilities has in many places proved to be a financial boon during the depression either by relieving the tax load in various ways, or by aiding the consumer through rate reductions. On the other hand, the privately owned utilities have seldom evidenced enlightened rate policy, but have in general continued their rates throughout the depression despite the decline in purchasing power of their patrons. This has tended to reinforce municipal ownership sentiment, which is now free from the handicap of being considered heretical by the federal government. In view of collectivist tendencies in other fields, the attaching of any stigma to public ownership of utilities is almost grotesque. Subject, of course, to specially interested opposition, public ownership is having increased opportunities to prove its merits as a direct solution of the problem of public utility control.

NEW YORK LEGISLATION

(Continued from Page 596)

the decision that "fair valuation" shall be the basis of all rate-making. There is no sanction for the separation of rates into "temporary" and "permanent", all rates being subject under the law to a constantly changing scale.

And so the story ends with neither commission nor utility the unchallenged victor. It ends very simply at the feet of that humble hero, the consumer. To the consumer the philosophy of utility management, the political and economic warfare of public and private bosses are of small moment. He or she is interested in the monthly bill, in the regularity and efficiency of the service, in the soundness of bonds or in the case of municipal operation in the avoidance of deficits chargeable to taxpayers.

It is in the final analysis to meet these practical and pedestrian purposes that utility legislation and administration should and must address itself. In our recent zeal for reform we have made much of ways and means; we have reshaped and realigned, revised and reset, but what of the beneficiaries? Will they get more than a big show and a long-term refinanced bond, private or public?

A very great Republican, musing about those in places of command, said in 388 B. C.: "In so far as they are rulers they neither enjoin nor consider their own interest but that of the subjects for whom they exercise their craft." In non-platonic language it might be suggested that in the field of utility it is high time for all sides to cut out the ballyhoo and get down to business.

How Municipal Lighting Plants Survive Hard Times

Publicly owned electric utilities have materially assisted their owner-cities by low rates and contributions to tax relief and other current expenses

FREDERICK L. BIRD *Director of Municipal Research, Dun & Bradstreet, Inc.*

SKEPTICS of the ability of American cities to manage municipal light and power utilities successfully have had abundant opportunity, over the past few years, to determine the validity of their suspicions. Ineptness of administration or weakness in fiscal policy could hardly escape detection under the conditions which have prevailed since 1929.

Ability to operate profitably and at the same time to give good service at low rates, over the past five years, may be said to constitute a fairly satisfactory test, not only of the competence of management but of the value of this type of municipal enterprise. Especially pertinent, therefore, are the results which have been attained by the large municipal light and power systems operated commercially in cities of over 50,000 population. The rates charged by this group of plants, the profits or losses from operations, the special aid rendered to depressed city treasuries, and the particularly significant features of administration will be taken up in brief review.

Of the eleven municipally owned light and power systems in this group which furnish all or a preponderant part of the electrical service in their respective communities, five are on the Pacific Coast, in Los Angeles, Pasadena, and Glendale, California, and Seattle and Tacoma, Washington. The other six are owned and operated by Kansas City, Kansas; Springfield, Illinois; Lansing, Michigan; Hamilton, Ohio; Holyoke, Massachusetts, and Jacksonville, Florida. With the youngest of these plants in its seventeenth year of operations, they have passed the experimental stage and are well established enterprises.

These undertakings have, without exception, been steady "dividend" payers to their citizen-consumer owners. The form in which this compensation has been rendered has varied with the fiscal policies of the several plants, but it has been generous. It is well to bear in mind, in this connection, that when owners, consumers, and taxpayers are largely identical, there is a considerable choice of methods whereby benefits can be distributed, such as through low rates to consumers, low cost or free service to other city departments, reinvestment of profits, and direct contributions to the city treasury. Thus savings in light bills and reductions in taxes become the equivalent of dividend checks.

LOW RATES

Conspicuously low rates are characteristic of the operating policies of this group of municipal plants with the exception of Jacksonville, which elects to approximate neighboring private utility rates and use the resulting profits for large reduction of the city's general property tax. Rate schedules, because of their wide diversity of structure, are somewhat meaningless for comparison; so typical monthly bills have been utilized to show how cheaply residential consumers in these cities are served.

The following table indicates the cost of lighting the average home (40 k.w.h.), of lighting and refrigeration (100 k.w.h.), and of lighting, refrigeration, and operation of an electric range (250 k.w.h.). The median cost in the first classification is 4.5 cents per k.w.h., in the second classification, 3.4 cents per k.w.h., and in the third, 2.6 cents per k.w.h. That this is cheap electricity is borne out by the fact that comparable median costs, under privately owned service, in the largest cities in 27 states are, respectively, 6.25 cents, 4.77 cents, and 3.65 cents. Briefly, the typical consumer enjoying the median private rate pays 38.9 per cent more for his light, 40.3 per cent more for lighting his house and operating his refrigerator, and 40.4 per cent more for light, refrigeration, and cooking than does the typical consumer with the advantage of the median public rate.

TABLE I

Typical Monthly Lighting Bills for Residential Consumers Served by Municipal Lighting Plants in Eleven Cities of Over 50,000 Population

City	1930 Population			Monthly Bills for			
		40 k.w.h.		100 k.w.h.		250 k.w.h.	
Glendale, Calif.	62,736	$1.81	(4.50)a	$3.31	(3.31)a	$6.69	(2.68)a
Hamilton, Ohio	52,176	1.90	(4.75)	3.85	(3.85)	7.35	(2.95)
Holyoke, Mass.	56,537	1.60	(4.00)	4.00	(4.00)	9.25	(3.70)
Jacksonville, Fla.	129,549	2.70	(6.75)	4.95	(4.95)	7.50	(3.00)
Kansas City, Kan.	121,857	1.80	(4.50)	2.70	(2.70)	4.95	(1.98)
Lansing, Mich.	78,397	1.85	(4.62)	3.25	(3.25)	6.00	(2.40)
Los Angeles, Calif. ...	1,238,048	1.81	(4.50)	3.31	(3.31)	6.69	(2.68)
Pasadena, Calif.	76,086	1.80	(4.50)	3.50	(3.50)	6.50	(2.60)
Seattle, Wash.	365,583	2.20	(5.50)	3.40	(3.40)	6.30	(2.52)
Springfield, Ill.	71,864	1.90	(4.75)	3.90	(3.90)	6.15	(2.46)
Tacoma, Wash.	106,817	1.80	(4.50)	2.40	(2.40)	3.90	(1.56)

a. Figures in parentheses show rate per k.w.h. in cents.

SOUND FINANCING

Low rates, however, have not been at the expense of sound financial operations. In a period in which corporation operating statements have been liberally spattered with red ink these eleven municipal plants have not shown a single deficit. The following table (Table II) shows the uninterrupted five-year profit record from 1929 through 1933. The figures are for net earnings, after deduction of operation and maintenance costs, interest on debt and adequate depreciation.

Nor do the few sharp declines in profits indicate any serious loss in earning power. They reflect, rather, some flexible use of the enterprise for the advantage of the community. In Los Angeles it was the reduction of rates, including a $385,000 annual saving in street lighting; in Pasadena, the lowering of the street lighting rate from 2½ cents to one cent per k.w.h.; and in Seattle, a large increase in interest and depreciation in conjunction with huge hydro-electric plant expansion for the city's future requirements.

TABLE II

Net Profits of Municipal Lighting Plants in Eleven Cities of Over 50,000 Population

	1929	1930	1931	1932	1933
Glendale	$ 482,153	$ 477,898	$ 459,632	$ 477,273c	$ 407,650
Hamilton	297,899	313,714	276,842	267,586	237,118
Holyoke	142,442	143,680	149,471	141,637	124,300
Jacksonville	......	......	1,480,002	1,589,992	1,556,842
Kansas City	315,506	458,793	377,443	233,789	192,451
Lansing	......	......	591,084	139,206	......
Los Angeles	3,626,972	4,224,498	4,344,289	3,900,071	3,811,258
Pasadena	656,022	640,726	741,751	703,874	533,131a
Seattle	594,314	1,124,549	505,321	87,945b	183,919b
Springfield	211,825	254,501	233,963	269,888	226,528
Tacoma	882,088	681,063	834,346	662,123	......

a. Street lighting rate reduced from 2½ to 1c per k.w.h.
b. Decrease due largely to $500,000 increase in interest and $700,000 increase in depreciation over 1930, resulting from large plant expansion.
c. Due to omission of depreciation charge, corrected in following year.

The manner of disposal of these profits sheds further illumination on the community benefits derived from the undertakings. First and foremost is the conservative and thrifty policy of plowing earnings back into the plants to get rid of existing debt and limit the amount of borrowing for expansion. Again the figures tell the story (Table III). Against a combined plant value, after deduction of current liabilities and depreciation reserves, of $179,295,829 there was outstanding at the end of the 1933 fiscal year a bonded debt of $82,161,805. In other words, the eleven plants are 54.1 per cent paid for from surplus earnings and are well on the way to become debt free, with no fixed charges to stand in the way of still lower rates. The rapidly growing Pasadena plant, for example, has issued no bonds in ten years and has reduced its bonded debt to $327,000.

TABLE III

Value and Bonded Debt of Municipal Lighting Plants in Cities of Over 50,000 Population

	Net Assets[a]	Bonded Debt	City's Equity
Glendale	$ 1,642,173	$ 66,500	$ 1,575,673
Hamilton	2,571,378	145,170	2,426,208
Holyoke	2,051,205	708,293	1,342,912
Jacksonville	9,440,893	1,387,500	8,053,393
Kansas City	5,584,081	2,344,000	3,240,081
Lansing	7,639,792	2,741,000	4,898,792
Los Angeles	75,520,368	35,216,000	40,304,368
Pasadena	6,781,049	327,342	6,453,707
Seattle	44,700,550	31,002,000	13,698,550
Springfield	3,646,263	265,000	3,381,263
Tacoma	19,718,077	7,959,000	11,759,077

a. Total assets less current liabilities and depreciation reserve.

CONTRIBUTIONS TO TAX RELIEF

Reinvestment in plant, however, by no means exhausts the community uses made of profits. Jacksonville, Florida, is the outstanding example of the utilization of a municipal lighting plant to effect heavy reduction in general property taxes. Whatever may be said of the desirability of the policy it has certainly produced results. By maintaining moderately high rates, as previously shown, the plant was able to contribute $1,275,000 to the general fund in 1932, an amount well over half the city tax levy of $2,182,951. In 1933 the city was able to lower the levy to $1,254,709 by transferring $1,820,568 from lighting plant income.

While Jacksonville is the one plant in the group which emphasizes the policy of effecting large reductions in general property taxes rather than that of low rates to consumers, most of them make less conspicuous contributions in money or services to the general funds. The Seattle lighting department, for instance, pays the general tax fund three per cent of its gross revenues, $125,642 in 1933. Interest on the lighting plant's bank deposits, approximately $87,000 over the past four years, is credited to the general fund. The department has cashed some $400,000 of general city warrants, some of which are not immediately payable, and, finally, has made an ingenious reduction in the burden of welfare costs. Recognizing the need for electricity of families unable to pay regular rates for service, the department agreed with relief agencies to furnish the service at a flat rate of two cents per k.w.h., a figure which was in a number of cases below cost.

The Tacoma charter provides for a tax of up to 7½ per cent on its plant's gross earnings and during recent years the full amount of the tax has been levied. The tax amounted, in 1932, to $148,597; in 1929 it was $165,831. Furthermore the plant pays not only all the salaries of its own employees, but 30 per cent of the salaries of all general municipal employees who do any work at all for the utility.

In Glendale there is similar provision for reimbursement of the city for work done by general employees for the lighting plant, but the schedule is more generous, the public service department paying 40 per cent of the city manager's salary and a like percentage of the city attorney's, 50 per cent of the salaries in the city treasurer's office, 60 per cent of the purchasing department and 75 per cent of the accounting department salaries.

The Pasadena Light and Power Department in 1933 turned over $200,000 to the general fund to be used for poor relief and in addition undertook work relief projects entailing heavy outlay. This department has in recent years advanced the city almost a million dollars for a municipal golf course, an auditorium, and other public buildings.

The record of Los Angeles has also been noteworthy. As noted above, the city's bill for street lighting was reduced by $385,000 a year. From 1931 to 1933 the power bureau transferred to the city $537,781 on account of the St. Francis Dam disaster, although this was no obligation of the bureau and was done merely as a means of tax relief. For direct unemployment relief the power bureau transferred $668,750 up to June 30, 1933, and during the fiscal year ending last June the board of water and power commissioners transferred $1,250,000 to the general city fund, $450,000 specifically for unemployment relief, and the remainder for general tax relief.

LOW STREET LIGHTING CHARGES

The fact that all of these eleven large plants have continued to operate profitably through the depression and that sizeable portions of their profits have been utilized directly for general city purposes, should not obscure the fact that indirectly, too, they are making possible reductions in the tax burden. This is particularly accomplished through supplying the municipality current for street lighting and other municipal purposes at rates which are exceptionally low.

Mention has already been made of reductions in street lighting rates which have occurred in Los Angeles and Pasadena. Similar reductions have been effected in the other cities also. The amount of maintenance and service included with the established rates varies so from city to city, among both publicly owned and private plants, that accurate comparisons are difficult to make. It is clear, however, that when cities can obtain street lighting current for one cent per k.w.h. (Pasadena, Seattle), 1.5 cents (Tacoma, Springfield), or at the somewhat more flexible "cost" (Kansas City, Lansing), its taxpayers are receiving definite relief.

The ability to provide citizen owners with such genuine and varied dividends is not, of course, accidental. There are a number of factors related to the financing and management of municipal plants which make possible the economies from which low rates and high returns may result. One of the most important is the cost of personnel. For the publicly owned enterprises, nontechnical administrative officials are practically limited to the boards of advisors made up of leading citizens serving with nominal, if any, salaries. Not only are large economies effected through the elimination of the overhead required by expensive advisory and administrative positions, but—less commendable—technical heads are paid comparatively low salaries. The salaries of the men in charge of the eleven plants discussed here range up to $18,000 but the median is $4,200.

The elimination of high salaries for administrative and technical officials is supplemented by several other special types of economies by the municipally owned plant. Interest rates on borrowed capital are low, and debt charges are becoming progressively lower as bonds are retired from surplus and new capital is provided from the same source. The absence of speculative interest and financial manipulation eliminates the pressure for a "fair return" on an inflated value, and, moreover, no management or holding company fees need be paid. Relatively little expense is devoted to publicity and the securing of new business by municipal plants. Political and propaganda items are practically omitted from their budgets. As a final factor, municipal plants, as a rule, practice strictest economy in operations and operating personnel, part time services of existing officials and offices are utilized, ostentatious administrative offices and equipment are avoided, and numerous ingenious devices for cutting costs are employed. Regulation which grants to private plants the right to earn a liberal return above costs tends to encourage extravagance on the part of enterprises operating under monopoly conditions. Public managements, on the other hand, have low capital and operating costs as a dominant incentive, the realization of which permits the full benefits of ownership to the city rather than to a limited number of officials and stockholders.

The charge is so often made that municipal electric plants are successful primarily because of their freedom from the taxes paid by private companies, that it is essential to survey, from time to time, the concrete values which do accrue to the city from its ownership. That the municipally owned plants in the eleven cities of over 50,000 population have all been able to weather the depression, not only without adding to the taxpayers' burden but markedly decreasing it in various ways, is truly important; but even more significant is the reserve financial strength upon which the owning cities have been able to draw in an emergency. It is time to recognize that municipal utility enterprises are not intended to be feeble echoes of similar private utilities. They stand firmly on their own feet as invaluable coöperative service agencies.

Tax Free Cities

Shall cities finance themselves from profits of publicly owned utilities

LOUIS BARTLETT

Former Mayor of Berkeley, California

DURING the reign of terror in the French Revolution, Marat, who had sent hundreds of men to the guillotine, was assassinated by Charlotte Corday as he lay in his bath. "Served him right," said many, "for taking a bath!"

Since that day, as many changes have occurred in our governmental methods as in our personal habits. Jefferson rode horseback to his inauguration, trotting over an unpaved street in the city of Washington. The paving of streets had not become a municipal function. Just one hundred years ago, Horace Mann scandalized the Brahmins of the Back Bay district of Boston by proposing that education should be free to all children, and paid for out of taxes. He was actually going to tax property that no one might be illiterate!

As a boy, playing in the sand dunes that are now San Francisco's downtown district, my chief joy was to chase the volunteer fire department trucks to a fire, for San Francisco then had no paid fire department supported by the city.

So there we have it in two lifetimes. Cities have taken on the new functions of street paving, public schools, paid fire departments, sanitary sewage systems, and many others.

Cities are always doing that. As they grow, as the standard of living rises, they must perform other services than those that sufficed the village of a hundred years ago. All cities with any pretense to fulfilling their civic duties furnish a plentiful and pure water supply. About 2,000, thoroughly alive to their responsibilities, are supplying electric energy and are doing it better and for less money than the private companies in the same vicinity. Some supply gas, and the time is not distant when it will be universally recognized that water, gas, and electricity are as essential to well-being as police, good streets, good sewers, fire protection, parks, and the many things that make urban life possible and enjoyable.

"Ah, but," some people say, "our taxes are too high now. We should not have to pay taxes for our water, our gas, and our electricity!"

But do we not pay taxes for them as it is? To be sure our bill does not come twice a year from the city hall. We get it twelve times a year—once a month—from the gas company. But isn't it a tax for something everyone in the community needs? More people pay gas bills than city or county or state taxes. The electric bill is a tax that practically no adult escapes. And how big is it?

The figures are available in practically every state of the Union. Let us take one illustration.

CALIFORNIA'S GAS AND ELECTRIC BILL

In California the total appropriated for the support of the state government during last year was $126,000,000. In the last year for which records are available the people of California paid $188,000,000 for gas and electricity. They paid the power and gas companies almost 50 per cent more than they paid for the support of their entire state government.

Their city governments cost $143,000,000. So they paid over 30 per cent more for their gas and electricity than for running their cities.

Many of the more progressive cities of the country distribute power to their inhabitants. In California there are twenty-one of them. Some time ago I prepared a report for the Commonwealth Club of California showing an accurate comparison of the rates charged by the cities and those charged by the private companies. The detailed study was made by J. F. Byxbee, city engineer of Palo Alto, and his graphs and figures were subjected to the scrutiny of the private companies' engineers for a month before the report was finally submitted.

These graphs show that with the exception of three small plants, the cities charged less than the largest private company for power used for lighting, cooking, and heating homes.

Where the Pacific Gas and Electric Company sold thirteen kilowatt hours a month for one dollar, Los Angeles, Glendale, and Burbank sold twenty-one. Where it sold thirty-seven kilowatt hours per month for two dollars, Pasadena, Palo Alto and Healdsburg sold from forty-six to sixty kilowatt hours per month. Where it sold sixty-six kilowatt hours per month for three dollars, Redding sold ninety-two; Healdsburg, one hundred ten; Ottawa, Canada, two hundred twenty-eight; and Tacoma, Washington, two hundred thirty. Similar differences appear in the rates for commercial and industrial power.

DO CITIES OPERATE AT A LOSS?

Do the cities lose money doing this? Do they have to raise money by taxes to make up any deficits? The same report is illuminating on this subject. Pasadena, California, out of a total gross revenue of $1,688,000 paid only $867,000 in expenses. Its net profit from the operation was over 46 per cent of its gross receipts. Redding and Anaheim made net profits of 45 per cent; Glendale of 44 per cent; Lodi, Healdsburg, Alameda and Riverside of between 35 and 40 per cent. Palo Alto, Roseville and Tacoma, Washington, of over 30 per cent. The least net profit made by any of these cities was 19 per cent in Burbank, where the city competes with the Southern California Edison Company for customers.

THE TAX ISSUE

But what of taxes? The private companies pay taxes. The cities' plants do not. Let us get a clear picture of this. A tax is an involuntary contribution to the cost of government. In California, up to this year, the total of all taxes paid by the private companies was about 10½ per cent of their gross receipts.

The net profits of the cities range from 19 to 46 per cent, half of them making net profits of over 32 per cent, and only one making less than 25 per per cent.

What becomes of these net profits? No public official gets them. They go into the city treasury and are voluntary contributions to the cost of the city government. These voluntary contributions average nearly three times the amount of the involuntary contributions in taxes paid by the private companies.

A very interesting comparison of the income from taxes and the net earnings of the plants of California is found in "Public Ownership On Trial," by Frederick L. Bird and Frances M. Ryan.[1] These net earnings amount to well over one-third of the total income from taxes. If to these net earnings of the electric plants were added net earnings from water and earnings similarly possible from gas, at reduced rates, it is probable that they would approximate the total income of the cities from taxes. In fact, that is done in over eighty cities in the country which use these profits to run the city government and levy no taxes for that purpose.

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[1] P. 46.

But let us return to the taxes that are levied upon us by the gas and electric utilities in their monthly bills. It is difficult to obtain accurate information concerning the expenses of the private utility companies. They hide a lot of interesting data under such general headings as "Other Operating Expenses." I once asked a friend if he belonged to any secret societies. "Only two," he replied, "the Masons and the Pacific Gas and Electric Company."

Fortunately the California Railroad Commission has ascertained some of these facts and they have been recently published by the State Senate.

Very properly in these hard times our attention has been turned to effecting economies in government. "Economy leagues," "taxpayers associations," and other bodies are springing up everywhere, calling attention to the wastes that can be stopped. Salaries—even moderate and sometimes even inadequate salaries—are being cut until it is probable that many essential functions will be eliminated or upkeep neglected.

In California, we have two state bodies that are taking the lead in promoting this economy plan, the state Chamber of Commerce and the California Taxpayers' Association. Both are supported by the most influential business men in the state, both have on their boards of directors heads of the largest power companies, railroads, and other public utilities. Last year they submitted a plan for a drastic reorganization of the state government to a so-called "fact-finding committee" of the State Senate which, in turn, proposed it to the legislature.

Among other things, they proposed cutting the total of all salaries paid to the seven members of the Supreme Court of California from $77,000 a year to $56,000 a year. And the Senate actually voted for that plan!

WHAT PUBLIC UTILITY MEN RECEIVE

But meanwhile, what did these public utility executives who proposed this cut do with their own salaries?

At that time, A. F. Hockenbeamer, president of the Pacific Gas and Electric Company, drew $75,000 a year, enough to pay the reduced salaries of the seven Supreme Court judges for one year and four months.

Paul Shoup, president of the Southern Pacific Railroad, who recently received $100,000 a year, was "kicked upstairs" at a salary, as reported by the press, of $125,000 a year—enough to pay the proposed salaries of the entire Supreme Court for over two years.

One company, the Pacific Gas and Electric Company, paid one salary of $75,000 a year, one of $40,000, seven of $21,600, two of $18,000, seven in excess of $11,000 and 94 salaries in all of over $5000 a year.

The Southern Pacific Railroad, besides the large salary paid its president, paid one salary of $36,000 a year, one of $35,000, two of $30,000, two of $25,000, two of $24,000, one of $20,000, two of $18,000, three of $15,000 and in all 160 salaries of more than $5000 a year.

How are these public utilities cutting down their expenses which, after all, are taxes upon the rate payers? Are they operating economically? Are these fantastic salaries the only extravagances —to use a very mild term—which they permit themselves?

A very illuminating exhibit was forced out of one of these companies, the San Joaquin Light and Power Company, by the California Railroad Commission at a rate hearing. The company was required to submit in detail

(Continued on Page 625)

The Municipally Owned Utility: Profits or Service?

Profit-making policy a dubious substitute for taxation and prevents fullest use of utility service

WADE S. SMITH
National Municipal League

THE extent to which public utility enterprises should be made to contribute to the support of government is one of the most live topics of the day. In many sections of the country carefully prepared "educational campaigns" are being promoted by the private utility groups to impress upon the citizen the vast amount of taxes which utilities are paying, while from all over the country come reports of cities and towns operating their governmental services without levying a cent of taxes through profits from municipally owned utilities.

Private owners decry cut-throat competition resulting from the wholesale tax exemption of publicly owned enterprises. Public ownership advocates are militant and in several states public-ownership plans are spreading like wildfire as the most effective means of lowering what are viewed as excessive privately owned utility rates. It is pertinent to examine the part played by public utilities, and particularly those municipally owned, in our cities today.

It is worth noting at the outset that American municipalities lag far behind those of Europe in the extent and variety of proprietary services. Abroad, a great number of functions, including transportation, communications, and housing, are almost universally municipally owned and operated. In this country, ownership and operation of the water supply system is about the only utility service which is common to the great majority of our cities. Nevertheless, there were in 1932 some 1,802 municipal electric light and power plants in this country, as compared with 1,627 private establishments.

Even though the municipal establishments outnumbered the private, they constituted a minor element so far as their part of the total service supplied goes. The private utilities, according to *Electrical World,* had 90.5 per cent of the customers, sold 94.3 per cent of the energy, and received 93.5 per cent of the revenue from the ultimate consumer in 1932. In spite of this, municipal ownership plays an important part in the functions of many municipalities, and it is to the interest of the taxpayer and the consumer to examine pretty closely the present tendencies in utility policy.

WHAT OF UTILITY TAXES?

In 1932 the private electrical industry paid some $217,000,000 in taxes, which amounted to about 12 cents per dollar of consumer revenue, according to figures compiled by the Edison Electric Institute. These figures agree fairly closely with those of the Census of Electrical Industries, which indicate that private establishments paid in taxes in 1932 approximately 10.7 per cent of their total operating revenue. This ratio of taxes to revenue had increased from 3.4 per cent in the year 1903, to revert to the EEI's figures. According to the National Electric Light Association, "from 1912 to 1929 gross revenues increased approximately 650 per cent, but taxes increased 7,000 per cent, or more than ten times as fast."

Contrast with this the fact that municipal establishments are almost universally tax exempt. As any one who examines the public utility journals in even the most casual manner will note immediately, this question of tax exemption of municipally owned utility plants is a sore one to the private interests. Nevertheless, the principle seems clear that such functions when exercised by government should be tax free, unless strong reasons to the contrary exist in special instances. As Pond says: "If . . . the providing of these utilities is a public purpose and the property so used is devoted to a public trust, for the acquisition of which money may be raised by taxation because the purpose is a public or municipal one, the property so acquired and used should be entitled to exemption from taxation the same as other municipal property."[1]

What factors might reasonably intervene to make undesirable the exercise of the right to tax exemption of these municipal utilities? A recent report of one of the larger Illinois cities said: "There are approximately one hundred cities and towns in the United States that levy no taxes for general municipal purposes because city-owned and operated utilities make a profit large enough to cover the entire cost of carrying on the city government." A casual examination of Messrs. Burns & McDonnell's "Results of 365 Municipal Lighting Plants" shows that "net profit" plays a conspicuous part in virtually every statement included. Though actual figures for the entire municipally owned field are not available, there is little doubt that by and large municipal light and power plants are contributing in "profits" sums as large, or larger, as would be paid in taxes were they private establishments.

What is the practical result of such a policy of defraying general governmental costs with profits from municipal utilities? There are two factors at least to be considered. First, the effect of such "profits" as indirect taxes on the consumers of the service, and second, the effect of the "profit" policy on rates and use of the service.

PROFITS AS INDIRECT TAXATION

We are definitely committed to ability-to-pay as the basis of our taxation system. If governmental revenues are to be obtained wholly or in large part from "profits" of utility services, it is pertinent to inquire whether or not such a method of apportioning governmental costs is in harmony with the rest of the tax system.

Undoubtedly the fact that the consumers of electrical power are practically identical with and include virtually all of the city's taxpayers validates the idea that municipal establishments should be tax exempt. But what if the municipal utility goes farther in its conception of its function —as we have seen many do—and considers it fair also to incorporate in the charges costs of all or part of other and non-proprietary functions of the government? Is the fact that the average consumer, or a large number of average consumers, would also be taxpayers a valid reason for securing governmental revenue on the basis of the amount of the utility service consumed? Obviously not. Consumption of electrical power may have little relation to ability to pay. So far as the utility is used by industrial and commercial establishments, increased consumption of electrical energy might indicate to some degree increased earnings and hence at least a nominal expectation of greater taxpaying ability. But as regards the more *numerous* body of consumers—the consumers of domestic power—the amount of service consumed is a particularly inappropriate index of taxpaying ability.

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[1] Pond, *A Treatise on the Law of Public Utilities,* § 403.

The whole theory of having government provide the service is itself a negation of the idea that use of the service indicates ability-to-pay. The universal need for the service at cost, or as near cost as is practicable, is the city's justification for engaging in the business. The utility is not established as a vehicle for indirect taxation, nor is the rest of the tax system adjusted to make such indirect taxation result in an equitable distribution of the total cost of government among the total body of taxpayers.

In so far as municipal utility establishments are used to produce revenue for general governmental purposes, they are getting out of their field. Such revenues distribute the tax burden without reference to any known basis, they unsettle the rest of the taxation system, and they further constitute an indirect tax subject to only uncertain and devious control by the voter.

RESTRICTION OF USE

Now, as regards the second factor in the "profit" policy, that of the effect of municipal profit-making on the utilization of the service. It has already been noted that the major reason for having a municipality engage in a utility is to secure service at a cost such as will make it available to the masses. Unless there were powerful reasons to the contrary, this would supposedly indicate a service-at-cost enterprise.

Some publicists have given considerable emphasis to the advisability of furnishing certain services below cost, on the theory that they are so important to society as to require this special consideration of those who might be in some way incapacitated and unable to secure the service otherwise. Housing for the low-income groups is an example. No serious arguments have been advanced that electric light and power should be provided on this basis, but there is every indication that the service is of such social importance that it should be provided to the maximum number of consumers at rates to encourage the maximum variety of uses.

The importance of electric power to industrial and economic growth is obvious. The availability of cheap industrial power is affected, however, by a peculiarity of the power industry, such that the costs of production, and hence rates, depend on the extent of the utilization of other types of the service. The technical reasons for this need not be discussed here; suffice it to note that the capacity of the generating and distributing systems are not used anywhere nearly to the optimum, chiefly because peak-load requirements for industry are not offset by similar utilization by other consumers in off-peak periods. The technical problem of the municipal utility, as well as the private establishment, is to increase its total utilization so that as nearly as possible it will carry its maximum load for a full twenty-four hour period. The more nearly utilization of capacity is complete, the nearer the minimum production cost can be approximated.

Now, it might seem that, inasmuch as electrical energy is so necessary as to constitute a public service, the demand for it would be more or less inflexible. Experience has shown, however, that the element of price acts as directly on demand for this service as in the case of less important commodities. For this reason, and because, as we have seen above, production costs are dependent in large extent on the amount of capacity utilized, the producer of electrical energy finds himself in a vicious circle. Demand depends on low price, low price depends on cost, cost depends on the extent to which capacity is utilized—or on demand. And domestic service, being the slack which must be taken up if total production costs are to be lowered, occupies a particularly crucial position. Domestic utilization is the key which unlocks lower costs all along the line.

PROMOTING DOMESTIC USE

The effect of rate charges on utilization, particularly domestic utilization, is then of prime importance. As H. W. Peck says: "The householder can substitute gas, or physical drudgery, or suffer deprivation of the service, unless the price is within his purchasing power. A good example of this is found in the history of the average monthly consumption, cost per kilowatt hour, and average monthly bill of domestic service in Ottawa, Canada. In 1914, when the net cost per kilowatt hour was 5 cents, the average monthly consumption was 19 kilowatt hours, and the average monthly bill 95 cents. In 1926, when net cost per kilowatt hour was 1 cent, the average monthly consumption was 179 kilowatt hours, and the average monthly bill was $1.75."[2]

Further evidence along the same lines is provided by R. L. Baldwin,[3] on the experience of the city of Winnipeg. Analyzing the effects of high and lower rates, he says: "The use evidently is limited to lighting purposes for the higher rate. As the rate is reduced, the use is increased by a freer use of appliances; and as the rate is further decreased, the use of heating appliances makes very rapid increase in use with further and smaller decreases in the rate. It is interesting to note that where these large uses are made, a large portion of it is due to heating, cooking, and water heaters. The city of Winnipeg has developed this load so that it is the largest part of the domestic use." There are enormous possibilities of increasing domestic use, if only rates are fixed low enough to permit extensive utilization.

There is little indication that this fact has made much impression on the municipal power plants in this country. The larger private establishments are beginning to give serious thought to the function of promotional rates in increasing revenue and decreasing unit costs. But their zeal seems to be ill matched by the municipal establishments, a large number of which, as we have seen, consciously set out to charge all the traffic will bear in the name of tax-reduction-through-utility-profits. To the extent that they achieve their "taxless town," they succeed also in restricting the utilization of the electric service.

UTILIZATION OF PROFITS

The privately owned utilities are, for better or worse, in the hands of the various state public utility commissions. Whether their contribution to governmental revenues is adequate, and whether their charges are such as to insure fullest utilization of the service, are matters for the commissions and the state legislatures. However, the greater the taxes, the higher the rates, and the more the restriction to use.

The municipal plant strikes nearer home. Its policy is determined as a rule by bodies only slightly removed from the ultimate consumer in his capacity as a voter on municipal matters. Voters can demand that the light and power plants finance their ideal "taxless towns". Or they can demand rates such as to enable the widest possible use for the electrical energy produced. But their decision should be intelligent, based on actual consideration of the potential dangers and benefits involved.

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[2] Mills and Starr, *Readings in Public Finance and Taxation,* p. 234.

[3] R. L. Baldwin, "Increased Use of Electricity by Domestic Consumers with Decrease in Rates," *American City,* May 1934.

There seems little likelihood that there will be any wholesale abandonment of the principle of exempting municipal utilities from taxation. In some instances where cities have been accustomed to secure large revenues from municipal utility "profits" it may be wise in abandoning this practice to include as part of the production cost a tax comparable to that which would be charged if the plant were privately owned or managed. But in view of the tremendous importance of electrical energy in our urban civilization, voters and taxpayers might better keep their municipal establishments tax exempt, eschewing all attempts to have them make a "profit", and striving to secure the lowest possible rates and the highest possible utilization. Private ownership will then have a real incentive to lower its costs to a competitive level, and the utility can take its place as a bona fide service function to the local government.

LEAGUES OF MUNICIPALITIES

(Continued from Page 600)

Association was successful in securing the defeat of a particularly vicious amendment to the deficiency bill. The amendment, proposed by Senator Logan of Kentucky, pertained to PWA loans to cities and would have completely ruined the eligibility of all revenue-producing projects such as light and power, water, etc.

The Johnson bill, above referred to, which amends the federal judicial code to prohibit utility companies from securing an injunction against the orders of a state public utility commission or of a similar *municipal* regulating commission, was actively supported by the leagues of municipalities. This fact no doubt greatly aided its passage.

In addition to the part the leagues have played in representing the public's interests in utility policies, state as well as national, some leagues have also undertaken to represent the public's interests in utilities rates. For example, when the Virginia Corporation Commission ordered an inquiry into the rate structure of the Virginia Electric and Power Company in 1933, several of the cities served by that company thought that their interests could be more adequately protected if they employed their own utilities consultant, to make a study of the company's rate base and present this testimony to the commission. These cities, acting through the League of Virginia Municipalities, employed John Bauer, who made such an impressive report to the commission as to preclude the closing of the case on the basis of the report of the commission's own engineer.

At the time of this writing several North Carolina cities, acting through the North Carolina League of Municipalities, have similarly employed Dr. Bauer to represent them in their efforts to secure a reduction of telephone rates. Although the commission has not yet issued an order, it is expected that the telephone rates in North Carolina will be considerably reduced as the result of this effort.

These are only a few examples of how the leagues of municipalities represent the public's interests in utility rates and policies. Although they have their effect, these attempts on the part of the leagues are only spasmodic and at best they only represent a scratch on the surface. What is needed is a definite and continuing policy of study and analysis of utility problems, such as is contemplated in our plan for a permanent utilities bureau to be established in connection with the leagues of municipalities.

Requisites of Effective Public Ownership[1]

Comprehensive survey needed in every state for the establishment of a definite utility program

JOHN BAUER

Director, American Public Utilities Bureau

Assuming that public ownership and operation will be greatly extended in the years just ahead, also that the extension will be desirable from the public standpoint if it is properly attained, this prospect raises important questions which should be thoroughly considered by public officials and others who are interested in or will be responsible for the success of the undertakings. There are four special questions which require attention with regard to the advancement of public ownership:

1. What utilities should it include?
2. Upon what physical and financial basis should it be established?
3. What type of business organization should it assume?
4. What territorial scope should it contain?

Heretofore the proponents of public ownership have devoted themselves somewhat indiscriminately to the "cause," without sufficient regard to these basic questions. They have rather assumed that public ownership is good in, of, and by itself, without regard to the circumstances of any particular utility, and without considering adequately the costs, appropriate type, and scope of organization.

WHAT UTILITIES?

The services which are usually included under "public utilities" are electricity, gas, water, street railways, buses, and telephone. They are all more or less essential to modern community life. They all involve primarily the same public interest with respect to adequacy and standards of service, and especially rates charged to the patrons.

Now, should all these utilities be included indiscriminately in a public ownership program? Most proponents of public ownership are inclined to make little distinction. They would include all utilities in the public ownership undertakings. We desire, therefore, to raise particularly the question whether a differentiation should not be made with relation to relative importance to future public needs and welfare.

To illustrate, take electricity and manufactured gas. They are both recognized utilities; both have been and are important in community life. Electricity, however, has been and is on rapid up-grade as to development and has attained the position of paramount utility. It ramifies practically into every phase of industrial, agricultural, commercial, residential, and community activity, and has been moving forward at an increasing tempo as to public importance. It places the distinctive stamp of power age upon an essentially new economic era.

In contrast to mounting importance of electricity, gas has not even retained a static position. It has been regressive, not progressive. Its importance had always been limited largely to domestic use; it had never reached widely into other domains. But even as to residential service, electricity has already taken over a large part of the use formerly furnished by gas and is now rapidly invading its principal remaining function, that of cooking and water heating. If electric rates were now independently fixed in the interest of the consumers and the untrammeled development of the industry, they would produce rapidly increasing residential consumption and would probably result in replacing gas under most residential conditions.

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[1] An address delivered before a special meeting of the Utility Users Protective League of New Jersey, September 21, 1934.

Electricity is an active competitor of manufactured gas, and apparently has dominant advantages for future development. To a very large extent the position of gas is being protected by unwarranted rate restrictions upon its competitor. On a straight competitive basis, and according to intrinsic merit, electricity promises to replace gas to a large extent as a vital public utility.

The situation is, of course, different with respect to natural gas where it is available at low cost and high heat content. It occupies a much different position than manufactured gas. Its importance, however, depends upon the particular circumstances of availability. It is subject to territorial as well as functional limitations. It is not as comprehensively and universally an all-pervading utility as is electricity.

Here are important differences. A program of public ownership should certainly include first, and above every other utility, electric power. But it should regard gas very cautiously and critically. The two have vastly different bearing upon future public needs and welfare. The one should be organized publicly; the other might well be excluded from a public ownership program.

The same differentiation appears between street railways and buses. Both are used as means of community transportation. Street railways, however, have stood out signally as a regressive utility, while buses have moved rapidly forward and constitute the progressive means of transportation. They should certainly be included in a wise public ownership program, but the street railways should be regarded most critically because of their diminishing utilization.

Our purpose is not to demonstrate the relative importance of the different utilities, but merely to emphasize the fact that there are great differences which should be taken into account in a public ownership program. This should not include all utility services as if they were of like significance.

WHAT BASIS?

The first question as to what utilities really extends to the second—upon what physical and financial basis should public ownership be established? This applies both to the capital cost of instituting the public plant and the annual cost of furnishing the service, including fixed charges on investment.

The first question is that of capital cost and its justification. This requires the determination of necessary investment to provide throughout a new plant which would embody all available improvements and especially designed for the conditions of service to be supplied. It calls also for consideration of the existing properties, their physical and functional conditions, and their relative value compared with the cost of a new and up-to-date plant.

Next, assuming that the governmental body has the right to construct new properties throughout, or to purchase or otherwise acquire the existing ones, it should give consideration to the alternative advantages, but also to the reasonable rights of the companies and fair treatment of investors. If it can get the existing properties at a price economically equivalent to the cost of a new plant, it should adopt the purchase policy. By such acquisition it would not only have just regard for investors, but would prevent useless duplication of capital and would avoid competition between the public and private plants.

The price, however, that the public body can afford to pay depends also upon the economic status of the utility. In the case of electricity, it could afford to pay for the existing properties not only an amount fully equivalent to the cost of the new plant, but it might even advantageously add a considerable sum to obviate company opposition and to facilitate immediate possession. In the case of manufactured gas, however, the situation would be very different. The governmental unit would probably not be justified in any case to build a new plant, and would have to consider most carefully the purchase of the existing properties in the light of developments in the electric utility. The price should take into account the fact that gas is a regressive utility.

The same relative differences exist between street railways and buses. A municipality might be justified to pay a moderate sum for the street railways to obtain control and then to eliminate them as justified in the face of bus developments. It should recognize the fact, however, that the vital transportation facility consists of buses. It would be justified to purchase the existing bus facilities at an equivalent cost new price. But if it acquired the street railways on the same basis, it would place a permanent handicap upon the efficiency of public operation.

The purchase price or the cost of establishing the public plant in relation to the function of each particular utility should receive paramount consideration for the future success of public ownership. If the utility is to be successfully operated publicly, it must not be overloaded by capital costs and fixed charges. The relative costs and their justification must be critically considered from the standpoint of the economic status of the different utilities.

WHAT TYPE ORGANIZATION?

Public ownership has been discussed almost generally from the standpoint of ordinary municipal or other public organization. Most municipal service activities are usually included in the department of public works, or some other regular subdivision of the local government. The organization, control, financial set-up, and management are essentially the same as for other municipal departments.

For successful public operation of utilities on comprehensive scale, consideration must be given to type of organization especially suited to the particular requirements. Special provisions are needed both as to control, management, and finance. So far as practicable, each utility should have its own financial and operating set-up so that its costs and efficiency may be separately determined.

We suggest particularly that the organization should be in the form of a special public corporation. While it would be owned and controlled by the governmental body, it would have the advantage of separate entity in carrying out its specific function. It would have greater flexibility in the capital set-up and financial control, and could better adjust the selection of management and personnel to the needs of the service.

Perhaps the greatest criticism or cause of doubt with respect to the success of public organization appears in the political control that is commonly expected. If public operation is to be successful, it certainly must be placed under the management of people who are devoted to the public function and are competent to do the work. The utility must not be subjected to political domination. Success requires the elimination of spoils and the placing of management and operation exclusively on merit. Can that be accomplished?

The organization of public ownership within separate corporate structure greatly facilitates the elimination of politics from management and operation. The new structure corresponds with the new requirements. The corporation can be started and kept more readily on a merit basis than an ordinary public department.

WHAT SCOPE ORGANIZATION?

Public ownership and operation have been considered mostly from the standpoint of municipal organization. Inasmuch as the services are largely furnished within municipal boundaries, the tacit assumption has been that organization and operation should likewise come within municipal grouping.

We believe that if public ownership is to be greatly and successfully extended, it must be reconsidered with respect to the scope of territory to be included within its organization. While it is true that the services are mostly furnished within municipal boundaries, in many or most instances the desirable scope of most efficient organization and management extends beyond the territory of any one municipality. It is particularly true of large metropolitan areas. In practically all such territories the effective area economically served by a utility is much greater than that of any one municipality. Usually it includes many municipalities, sometimes many hundred.

One reason for the development of the present holding company systems is the underlying fact that the utility properties are advantageously organized so as to include several or many municipalities, or indeed far separated population centers. Effective public organization, therefore, must not stop artificially with municipal boundaries. It must include all the territory that forms an economic unity from the standpoint of the particular utility and its services to the public.

The effective scope of public organization has particular significance in electricity. It has indeed a two-fold basis as to coördinated function. The first includes generation and transmission; the second, distribution. Under the present state of technology and public requirements, the first can seldom be organized and operated efficiently on a sole municipal basis. It should always include at least an entire metropolitan district which forms a homogeneous territory from the economic standpoint. In most instances it would probably be advantageously organized on a state-wide basis.

The second function, the distribution of electricity, does correspond more nearly or frequently with municipal boundaries, or can be made to fit municipal areas without utterly prohibitive waste. In most instances, however, the effective territory is greater. It includes the entire area that can be advantageously brought together within a single unit of operation. In some instances this may be properly limited to a single municipality, but mostly it will include adjacent territory and sometimes a large metropolitan district consisting of many hundreds of individual municipalities.

As we see it, an effective public ownership program with respect to electricity would consist, first, of state ownership and operation of generation and transmission; and, second, municipal or sectional organization of distribution. The two would be coördinated to furnish a comprehensive system of public organization for the entire state. The practical pattern has been furnished by the Ontario Hydro-Electric system. Through such integrated organization the maximum efficiency could be realized, and the state power resources used to the greatest public advantage.

The desirable scope of organization depends upon the particular circumstances of a utility. The two-fold pattern that fits electricity would not be suited to manufactured gas, or to street railways and buses. State organization must be given much more consideration than it has received in the past. Moreover, national organization will be essential with respect to facilities and services that are interstate in importance and scope.

PUBLIC OWNERSHIP PROGRAM

What is necessary throughout the country is thorough stock-taking of the utilities and the public needs. A comprehensive survey is needed in every state with respect to each utility for the establishment of a definite program. This should include not only public ownership but also revision of policy with respect to regulation.

In every state the basic facts should be systematically determined from the standpoint of public advantage. Such inquiry should include all aspects of organization, management, costs, regulation, the relative importance of the utilities, the basis of public acquisition, and especially the type and scope of organization in relation to public needs and advantages.

The proper approach to a comprehensive program is furnished by the State of New York. The legislature at its last session provided for an investigation to include all aspects of public interest. This will be conducted under a legislative committee, with the special guidance of Judge John E. Mack as counsel. The survey and report of the committee should lay the foundation of an effective utility program for the entire state.

TAX FREE CITIES

(Continued from Page 613)

its expense accounts which were charged against the rate payers.

Among these it appeared that the dues and expenses of about fifty club memberships for the company's staff had been paid.

The San Joaquin Light and Power Company supplies power for a territory around Fresno, 200 miles from San Francisco, but the president of the company had his dues and expenses paid in the California Club, the Commercial Club, the Family Club and the Bohemian Club all of San Francisco, and five other out-of-town organizations.

He had an additional item, "Miscellaneous," which exceeded the amount that most people would regard as an ample budget for club dues for a year.

If we are trying to reduce the cost of government why not focus our attention on the taxpaying body that levies the greatest taxes upon us—our public utility companies? If the cities can operate an electric plant at an average cost, as in California, of 84 per cent of the cost to the private utility companies, making due allowance for taxes to get a fair comparison, the companies should be forced to make drastic reductions in their operating costs. Why is not this the best or at least one excellent method of approach to reducing our taxes?

No one wants to pay our city officials a starvation wage, nor to permit city property to run down. No one wants our schools hampered and the educational chances of the young taken away from them.

We all want gas and electricity at lower prices than we pay. By taking them over and having the cities operate them, we can get lower rates, better management, and build up a profit that will make our cities, if not tax free, at least able to support themselves with far lower taxes than now obtain.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

City Managers in Convention.—Financial strains and federal-city relationships were the principal themes of the twenty-first annual conference of the International City Managers' Association held in St. Louis, October 15 to 17. Ninety-one city managers from twenty-five states and Canada discussed problems arising from service-crippling tax limitations, from reduced standards of performance, from conflicts of municipal and federal policies on relief, public works, and housing projects, and from the vitally essential search for new sources of revenue.

The consignment of complete financial and administrative responsibility for unemployment relief to the federal government was the proposal made by Paul V. Betters, director of the American Municipal Association, and C. M. Bookman, director of the Cincinnati Community Chest. It was felt, however, that state and local governments should retain their obligation for the support of the aged, the disabled, and the "unemployables," and that there should be greater coöperation among relief officials in the various units of government.

In accordance with this sentiment the conference adopted a resolution calling for the appointment of a committee to prepare a federal-city program for relief, public works, and housing. In preparing the statement the committee will seek the coöperation of other national organizations of municipal officials. The committee consists of C. A. Dykstra, city manager, Cincinnati, Ohio; John N. Edy, city manager, Dallas, Texas; and C. A. Harrell, city manager, Binghamton, New York.

Distress resulting from the devastating effect of constitutional tax limitations was evident particularly in reports from West Virginia and Michigan cities. Hope of surmounting tax limitation campaigns in the November elections was expressed by city managers from Grand Rapids, Kalamazoo, and Pontiac.

One entire session was devoted to consideration of the best means of reporting municipal activities to the public as an antidote to unintelligent destructive attacks on government. The common means such as meeting the public, press relations, contacts with civic groups, and budget hearings were discussed with more unusual methods such as motion pictures, the use of the radio, and the holding of municipal exhibits and open houses. There was adequate evidence to indicate that public relations is one of the most significant problems faced by many city managers.

A problem of police administration assumed sufficient national significance to stimulate spirited discussion at the conference. It was found that many managers have been faced with the question of proper handling of police forces in times of labor disturbance. Louis Brownlow, director, Public Administration Clearing House, suggested that city administrations should be strictly impartial in preserving the civil rights of the parties to a labor dispute and that there should be no attempt on the part of the police to settle an economic and social problem which is still undetermined by the American people as a whole. Donald C. Stone, director, Public Administration Service, emphasized the need for professionalization of the police force in order to cope with the problem.

Concrete aids to city managers in the solution of their financial problems were proposed by C. W. Ham, field consultant, American Municipal Association:

1. Centralized municipal purchasing on a state-wide or regional basis.
2. Establishment of a national municipal insurance company to write all municipal risks.
3. Establishment of a national municipal credit bank, possibly in connection with RFC, with a stated interest rate.

Officers elected for the coming year are: *President,* H. L. Woolhiser, Winnetka, Illinois; and *vice-presidents,* Henry Traxler, Janesville, Wisconsin; I. C. Brower, New Rochelle, New York; and Hollis R. Thompson, Berkeley, California.

Clarence E. Ridley

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Federal Government to Aid Schools.—Financial aid to public schools where state funds for education have been depleted by the depression has been assured by the President. The federal emergency relief administration has been directed to devise a plan for keeping the schools open for the next three months.

Allocations totaling from $2,500,000 will be needed to finance a minimum program, in the opinion of the President. State superintendents of education who have just completed a convention in the national capital, estimated that $3,000,000 would be necessary to open schools which otherwise could not begin their fall terms, and that $25,000,000 would be required to provide normal educational service.

United States News, October 8, 1934

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Tax Assessors Organize.—A nation-wide organization of city and county tax assessors was formed at a recent meeting in Philadelphia, under the name of National Association of Tax Assessing Officers. John C. Donehoo, city tax assessor of St. Petersburg, Fla., is president. The association plans as the first step in its program the gathering of information on all phases of assessment procedure and administration, and the publication of a manual to present such information and illustrate assessing problems of all sorts. The objects of the new association include improvement in tax assessment procedure and in the standards of the profession.

National Planning and Rural Life.—This topic will be discussed on November 16-19 at the Raleigh and Harrington Hotels in Washington, D. C., by the National Rural Forum. The necessity and technique of national planning in connection with agriculture and country life will be particularly considered, together with the improvement of programs for rural betterment on the part of existing agencies. A round table on local government is included in the agenda.

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Housing Projects With Federal Aid.—It was announced at the meeting of the National Association of Housing Officials in Washington, October 13, that of the $150,000,000 which had been made available for government housing projects under the housing division of the Public Works Administration, $63,000,000 had been definitely allocated, the remaining $87,000,000 had been ear-marked, and there were applications for $90,000,000 additional for which there were no funds. The $63,000,000 included projects in the following cities:

New York	$25,000,000
Chicago	12,500,000
Detroit	6,000,000
Cincinnati	6,000,000
Atlanta	4,800,000
Indianapolis	3,000,000
Cleveland	3,000,000
Montgomery	320,000
Nashville and Louisville together about	2,400,000

These federal projects are designed to house about 15,000 families.

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Tax Problem A Vital Campaign Issue in Ohio.—The gubernatorial campaign in Ohio has brought to the fore the vitally urgent issue of revenues for local government purposes, inasmuch as the new one-cent constitutional limitation on real estate taxes becomes effective on January 1, 1935, thus cutting present revenues from this source approximately in half. This prospect threatens widespread municipal bankruptcies and closing of schools—disasters that have occurred in various cases even with existing revenues. Martin L. Davey, Democratic candidate, proposes a two-year moratorium on payments of principal on municipal bonds in emergency cases, while Clarence J. Brown, Republican candidate, denounces this idea. A sales tax may be instituted as a desperate measure to save vital governmental functions.

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Chicago Consolidates Its Parks.—A decision by the Illinois Supreme Court late in August upholding an act approved by referendum in April has paved the way for the unification of the checker-board of independent park districts covering the city of Chicago. This move to consolidate the twenty-two park authorities in the city brings to a conclusion a long period of agitation and planning toward this end. The Chicago Bureau of Public Efficiency in 1911, when there were only eleven park units, made an exhaustive survey and recommended consolidation estimating that it would save $500,000 annually.

Under the superseded set-up about 85 per cent of the park area of the city was under the control of the three major park districts —South Park, Lincoln Park, and the West Chicago Park districts. The South Park commissioners were appointed by the judges of the circuit court presumably to keep the parks out of "politics" but actually drawing the courts further into "politics". The commissioners of the other two principal districts were appointed by the governor, the patronage of the districts being used at times to control Chicago legislators or to combat local political organizations hostile to the state machine. In addition to these districts there were nineteen small park districts, covering most of the outlying area of the city, each with a board of five elective commissioners vested with the power of taxation and control of park and recreation activities in their respective areas.

The consolidation act[1] in brief provides for the creation, in succession to the old districts, of the Chicago Park District which includes all territory within the city and a very small area outside embraced in some of the existing small districts. A board of five commissioners of the district, appointed by the mayor, has been in office since May 1, but the old boards have continued to function to avoid confusion in case the act were voided. The commissioners constitute a body corporate with the power of taxation and authority to determine general policies and appoint the chief administrative officers of the district.

Appropriate transitional provisions are included relating to finance and personnel. The original districts remain liable for the payment of their bonded indebtedness.

The act is a long step toward governmental simplification, but it is not everything that might be desired. In effect a separate governmental unit, practically co-terminous with the city, is created with its own taxing power, ordinance power, and overhead agencies. Chicago experience would seem to indicate that this type of organization in the long run may become relatively immune from intelligent popular control and at the same time draw away from the city the influence and interest of many important special groups. The act leaves outside the principal park authority seventy-eight small parks (aggregating about two hundred acres), thirty-nine playgrounds, and other recreational facilities under the control of the city's department of public works, about sixty playgrounds under the jurisdiction of the bureau of recreation of the board of education, and over 30,000 acres of recreational area on the borders of the city managed by the Cook County forest preserve district. The act should, however, reduce overhead costs, make for a more equitable distribution of park facilities over the city, simplify the problem of traffic control on park boulevards, and make possible unified planning for the improvement of a system of parks already magnificent in some respects.

V. O. Key, Jr.
University of California at Los Angeles

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Kentucky—Sales Tax to Pay County Debts.—Hereafter, county road debts will be paid in the state of Kentucky by what is thought to be a novel method. The recently enacted gross receipts tax law provides that county road obligations be met out of the allocation to the county of one cent of the three-cent retail sales tax, which is being collected at present under this law.

The aggregate revenue collected from the sales tax in the state is now divided into two parts. Two-thirds of it is credited to the general expenditure fund of the state while the remaining one-third is credited to a fund known as the county road fund. This money, the equivalent of one cent of the three-cent sales tax, is to be distributed among the 120 counties of the state. One-third of the fund is distributed equally among the several counties; one-third is distributed on the basis of population; and the remaining one-third is divided among the counties on the basis of area.

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[1] *Laws of Illinois,* 1933, p. 725.

The law provides that after the money is received from the state the county treasurers shall credit it to the road fund of the respective counties. The county boards or fiscal courts are then to direct the payment annually from the road fund to the sinking fund of all moneys received under the law, or of a sum sufficient to make payments upon the principle and interest of the bonded indebtedness of the county created by the construction and maintenance of roads and bridges. If there is no road and bridge indebtedness, all the money received by the county under the sales tax law is to be applied to the payment of the floating indebtedness caused by the construction and maintenance of roads and bridges in the county. Finally, if there is no floating indebtedness of this character, the county boards or fiscal courts are free to expend the money for the construction and maintenance of roads and bridges as they see fit.

This feature of the gross receipts law was sponsored by the Republican element in the legislature, and was a condition upon which this faction agreed to support the sales tax. Many of these legislators represented counties with large debts, and this solution appeared to be a way out of many difficulties. It was the hope of those who sponsored this feature of the law that the burden of county indebtedness, which was caused largely by road and bridge construction, will be reduced if not completely eliminated within a few years.

J. W. MANNING

University of Kentucky

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Wisconsin—Referendum on City-County Consolidation.—The voters of the city of Milwaukee will express their opinion on November 6 on the question of city-county consolidation. As a result of considerable discussion in the region of Milwaukee, a Joint Committee on Consolidation in Milwaukee County, consisting of citizens of the region, was appointed under resolution of the county board of supervisors and the common council of the city of Milwaukee. The report of this committee requested the submission of the question to advisory referendum. On August 8 the common council of the city ordered city officials to call an advisory referendum upon the following proposition, to be submitted to the city electors:

"Do you favor changes in the law which will make one officer elected in each assembly district in the city of Milwaukee the representative of said district on both the county board of supervisors of Milwaukee county and the common council of the city of Milwaukee?"

The question will arouse particular interest in Wisconsin, because the county consolidation movement is brewing. The overwhelming numbers of office-seekers in the September primaries will furnish added impetus.

LEE S. GREENE

University of Wisconsin

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Virginia—Sentiment Impedes Consolidation of Counties.—In its recent report the Virginia commission on county government based its appeal for county consolidation on the citizens' well known desire for tax reduction. For illustrative purposes the total area, population, and taxable wealth of four small Tidewater counties are compared to an average sized county. The conclusion offers "convincing evidence" that the taxpayers of the small counties will save by complete consolidation of area and functions.

This appeal to the taxpayer's pocketbook may overcome the equally emotional appeal for keeping historic areas intact. While ridiculously small and poor, these Tidewater counties are treasure houses of historical interest. In the beginning many of the Virginia counties were parts of the original six shires which were divided and later subdivided for the convenience of the people in attending public places. The writer selected for a recent article the inveigling title "Back to the Original Shire", thinking that these good people might be persuaded to go back to something provided it is a fairly faithful reproduction of the original. I think, also, we might be absolved of sacrilegious motives if we could convince the people (excepting the county office-holders) that a consolidation would not impair their county names, but the names of Warwick, York, James City, and Charles City would still remain to designate representative districts which have no governmental functions.

Another obstacle that the county commission is trying tactfully to meet is doing violence to the sentiment of local self-government. Even the Byrd road act bowed to this principle when it allowed the counties to vote to stay out of the state road system. That is the reason, as a member of the commission tells me, why the commission finds and makes known the facts and then stands by hopefully waiting to see the initiative for consolidation come from the people.

James E. Pate
College of William and Mary

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Tennessee—Laxity in Financial Management.—A recent financial survey of Grundy County by the Tennessee Taxpayers' Association staff discloses a unit of nearly 10,000 people, nestled in the Cumberland Mountains about fifty miles from Chattanooga, whose government had almost ceased to function through causes that are more or less typical of those in many counties of the state. Supporting two courthouses in separate hamlets, its loose and easy-going methods of handling county funds had produced a critical condition. The lack of executive responsibility in holding officials strictly accountable for revenue collections and disbursements is illustrated in shortages to the amount of $26,000 over a five-year period in the office of the trustee (treasurer), and the collection of only 1 per cent of the property and poll taxes on January 1, 1934, three months after they had become due.

Despite these facts, the trustee who was found short in his accounts by the state auditors won the position of county judge in the August election, an office which provides an eight-year term and to which is entrusted the financial management of the whole county. Such conditions indicate a need for a drastic renovation of county affairs throughout the state. The Taxpayers' Association has recommended certain changes in management but there is no organized demand for reform legislation in the 1935 general assembly. Centralization received a body blow in the state's financial debacle in 1930, and no party or faction has made even a gesture in the direction of county reorganization.

Constables Can Not Secure Bonds.—An interesting by-product of the reluctance of surety-bonding companies to supply bonds for Tennessee county officials is found in Hamilton County, where only two of the five constables-elect were able to make bonds, and these are scarcely satisfactory either to the county or to the officials themselves. The candidate from the first civil district (Chattanooga) who won his post by a wide margin of votes, resigned his office to the county court, and the remaining officers are expected to follow suit. One reason for the attitude of the bonding companies is the total lack of responsibility of this constitutional officer to any official or county agency. Unlike a deputy-sheriff, who is removable at the will of his superior officer, a constable may be removed only after a long and tedious ouster suit. Remunerated solely by their fees, and working in league with the prehensile justices of the peace, the constables have been among the most pernicious offenders in the matter of "fee-grabbing". Perhaps it would be too hopeful a sign to see the elimination of these officers by such indirect means; but there seems to be no other method under present constitutional inhibitions.

F. W. Prescott
University of Chattanooga

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Reorganized Collector's Office Speeds Tax Payments.—The Irvington, New Jersey, Council for Municipal Economy, which began over a year ago to seek ways and means of stimulating tax collections in Irvington, reports very material progress as a result of reorganization of the tax collector's office when a new director of revenue and finance took office last May. Alvin A. Burger, secretary of the council, writes:

"The plan, which has worked out successfully so far, is this: The office system has been completely overhauled and modernized. For twenty years it had been run like a country grocery store. A Rand cardex system has been installed and the department now knows from day to day how much taxes have been collected and how much is outstanding, both personal and real, current and delinquent. We have prevailed upon the new commissioners to establish the office of comptroller, who has charge of all financial activities of the city and to whom the tax collector, the assessor, and all other department heads in the revenue and finance department are responsible. Heretofore, without a comptroller, every department was its own boss, answerable only to the elected head of the department, who might or might not know what it was all about.

"The collector's office is organized as follows: The collector, of course, supervises all activities. With two office assistants, he handles current tax collections. A field force of six men has been added to the staff, three of whom follow up collections of back taxes and three of whom go after personal taxes, both current and arrears. These men do not go out and collect taxes but merely canvass the taxpayers in an effort to sell them on the idea of coming in and paying up in a constructive way. This field force has done a splendid piece of work and collection of delinquent and personal taxes has been stepped up to about 15 per cent better than at any time in the past three years. The men are required to give a daily accounting of calls made, and bring back full data on why the individual did not pay or make some arrangement to pay either in full or on an installment basis.

"Outside of the tax collector's office, the commissioners, together with our organization and other civic groups, have been carrying on a sustained publicity campaign to put the taxpayers in a constructive mood regarding payment of taxes and to show them how real money is saved by them in making payments promptly."

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Taxing Creative Genius?—From San Diego, California, comes news which has stirred up no little discussion, in the form of a tax on the unsold paintings and works of sculpture awaiting disposition in artists' studios. Without knowing much in detail of the tax—its rate, basis of assessment, administration, etc.—its mere existence serves to indicate strikingly the desperately unhealthy condition of our local tax systems.

Here is a tax not expected to yield more than an insignificant pittance to the municipal coffers, the only justification for which appears to be that it is legally permissible. Its administration, if seriously undertaken, will be complicated and costly. It is the *reductio ad absurdum* of our haphazard concoction of local revenue laws. Our cities are getting pretty far off the track when they have to resort to trifling taxes on the unsold efforts of a few citizens.

We're not particularly concerned about the San Diego artists. The tax probably won't last long, and artistic genius can probably be counted on to find a way out. But we are concerned about a system retaining a personal property tax which in times of stress can be reduced to such extremes. The artists are protesting, and the tax may be repealed, or the artists may leave San Diego for more hospitable precincts. It is the government and the bulk of the citizens who are suffering in the long run from an antiquated system of which this tax on unsold works of art is only symptomatic.

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PWA Offerings Continue to Exact Premiums.—Indicative of an improving bond market was the sale October 17 of $3,965,000 of securities taken over by the Reconstruction Finance Corporation from the Public Works Administration. Of the eighteen issues of municipal and state bonds represented, fifteen, aggregating $3,211,000 in value, commanded a premium. Some 141 bids were submitted for the eighteen issues, and the highest bid, $1,060.796 per thousand, was offered on a $300,000 issue of Utica, N. Y. Bonds on which the PWA makes loans to municipalities to carry forward recovery projects pay 4 per cent interest.

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Federal Emergency Expenditures Increase.—Net emergency expenditures for the first three and a half months of the government's current fiscal year, ending October 15, totaled $1,015,433,399, according to treasury reports. Gross emergency expenditures amounted to $1,151,715,521, but two agencies showed credits—the Reconstruction Finance Corporation of $125,963,651, and the Federal Deposit Insurance Corporation of $10,308,531.

The principal items of emergency outlay included loans and grants to states and municipalities, $52,082,000. On highway projects $152,119,505 was expended. The Federal Emergency Relief Administration, largest single item, expended $444,343,739.

The deficit October 15 was $707,033,182, as compared with $273,902,602 a year earlier, and the public debt was $27,200,106,462, as compared with $23,055,555,810 on October 15, 1933.

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HOLC Pays Taxes.—To liquidate arrears of taxes and assessments on homes securing loans, the Home Owners Loan Corporation has paid approximately $103,300,000 into local treasuries in 3,077 counties, according to a report of the first full year of the corporation's operation, issued September 19.

This fact bears food for thought on the part of those who have been led to believe that the tax delinquency crisis is past. In many localities the increase in tax payments is just about equal to the payments of tax arrears by the HOLC, indicating that the "improvement" in collections is due more to national intervention than to local initiative. Federal aid plays an important part in the picture, but municipal taxpayers must be persuaded and helped to liquidate their tax indebtedness on the home grounds if a sound solution to the delinquency problem is to be found.

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Country-wide Tax Delinquency Analyzed.—Reports of the Division of Real Estate Taxation, Bureau of the Census, which undertook the nation-wide tax delinquency survey, have now reached a point where definite comparisons can be made between the extent and occurrence of delinquency and the underlying conditions. "Current Tax Delinquency: Part I," recently released, shows the assessment, levy, and amount and percentage of tax delinquency of 1932-33 taxes for all states, and includes a valuable summary of tax collection laws as amended since 1930.

The country-wide average of uncollected taxes for the 1932-33 levy is 20.5 per cent, with state averages ranging from 6 per cent for Massachusetts to 40.5 per cent for Michigan. The total delinquency amounted to $909,465,000. In discussing the relation between the various delinquency ratios and the provisions under which the tax is collected, the report makes this significant comment:

"The penalties that are imposed upon the final due date . . . vary from moderate to very large amounts and interest rates. . . . Penalties are ineffective to stimulate tax collections unless they are enforced as provided by law. It even appears that the amounts of delinquency have been increased in some states by expectation of favorable legislation for modification of penalties, quite as effectively as by the legislation itself.

"The use of the tax sale as a means for enforcing collection appears to have a direct relation to the amount of tax delinquency. Thus, in states with low rates of delinquency it not infrequently appears that taxpayers expect to lose their property either before or soon after the close of the tax year in the event of tax delinquency. In other states the threat of tax sale is less seriously made and therefore is less effective, the amounts delinquent being increased in proportion."

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

The Proportional Representation League's Annual Meeting.—*The annual dinner of the Proportional Representation League will be held the evening of November 27 at the William Penn Hotel, Pittsburgh, Pa. Our program is set forth with that of the fortieth annual convention of the National Municipal League on pages 562-3 of this issue.*

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Provincial Elections in Canada.—The elections of the provincial legislatures of Canada have often been characterized by a great turn-over in votes, which, under the prevailing majority system of election, has annihilated parties and governments. Of such swings of the political pendulum, few examples have been more striking than those which took place, in June 1934, in Ontario and Saskatchewan.

Ontario is a province which, with the exception of the election of 1919, has been Conservative in character for the last thirty years. The election in June 1934 resulted, in round figures, as follows:

Party	Votes	Seats
Liberal	569,000	65
Conservative	484,000	17
Co-operative Commonwealth Federation	94,000	1

Eight ministers out of twelve were defeated. The late Premier survived through election on a minority vote. The Ottawa *Evening Citizen* (June 22) made this comment: "Roughly the Liberals obtained one seat for every 8,700 votes, and the Conservatives one seat for every 28,500—yes, P.R. is obviously needed."

In Saskatchewan, where the Conservative Government held office with the support of some Independents, the swing of the pendulum carried even further. Every Conservative and every Independent supporting the Government has been swept away. Not a minister survived.

The result of the election, in round figures, was:

Party	Votes	Seats
Liberal	173,000	49
Conservative	103,000	0
Co-operative Commonwealth Federation	83,000	5
Others	4,000	0

The Saskatchewan *Leader Post*, a Liberal journal, gave the following comparison between the percentages of votes polled and the members returned:

Party	Percentage of votes polled	Percentage of members returned
Liberal	46.9	90.7
Outgoing Government	26.0	0.0
Co-operative Commonwealth Federation	24.0	9.3
Others	3.1	0.0

Not only was the Conservative Premier, Mr. Anderson, defeated, but also Mr. Coldwell, the leader of the Co-operative Commonwealth Federation, although his party secured five seats. The Regina *Star* (June 22), said: "At the time of writing, the total vote for the opposition candidates has reached 191,383, as against the new Government's 173,066. . . That makes representative government a farce. . . Refused representation in the legislature, the Conservatives will have to adopt criticism and opposition from outside. Unless this is done, over 104,000 of the people of Saskatchewan will be deprived of a voice in the conduct of the affairs of the province. Yet they are just as much taxpayers as are the Liberal electors with their 49 voices in the legislature." In its issue of June 21, the Regina *Star* declared that "if proportional representation had been used, the Conservatives would have had fourteen seats."

These results may well strengthen the position of electoral reform in Canada. They are thought to give a clear indication of victory for the Liberal Party in the Dominion elections next year, and it may be recalled that the leader of the Liberal Party, Mr. Mackenzie King, has placed on his programme the application of P.R. in the large cities of Canada.

JOHN H. HUMPHREYS, *Secretary,*
British Proportional
Representation Society

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Private P.R. Elections.—Among the private organizations which have recently adopted P.R. for their own use is the Municipal League of Seattle. The League took an active part earlier in the year in the campaign to secure P.R. and the city manager plan for Seattle. Though the charter amendment presented for this purpose was thrown out by the courts on technical grounds, as explained in our April issue, the issue is regarded as merely postponed. Meanwhile the Municipal League "felt that every effort should be made to familiarize League members with the plan" and not only adopted P.R. for its own elections but suggested that other Seattle organizations do so. The first P.R. election was held on May 22. Under the by-laws there was a separate ballot for president—Henry Elliott, Jr., being elected without opposition—and nine trustees were elected together, the two highest in the P.R. count being selected as vice-presidents. The nominating committee brought forward twelve candidates, of whom seven were elected, two places going to members nominated by petition. Joseph P. Harris of the University of Washington, member of the National Municipal League council and an authority on election methods, was elected first vice-president. Dr. Harris was prevailed upon to use the ballots to illustrate a Municipal League luncheon talk on the "Basic Principles of Proportional Representation".

Concordia College, Moorhead, Minnesota, was last year added to the lengthening list of colleges using P.R. for student body elections. The new constitution, drawn up by Carl W. Tiller, editor-in-chief of the *Concordia,* calls for P.R. or preferential voting for all student elections in which there are more than two candidates.

The Alumnae Association of Smith College has used P.R. and preferential voting for its elections since 1923. This spring the Alumnae Council used P.R. for selecting three nominees for alumnae trustee of the college and the entire association to elect four directors of the association. Miss Florence Snow, general secretary, wrote: "We are most enthusiastic about this method of election, which seems to be the fairest which can be devised. Each year we take pains to inform the tellers and they are always greatly interested."

Private organizations in Great Britain which used P.R., or the corresponding Hare system of preferential voting for single officials, during the year covered by the last annual report of the British P.R. Society (May 1933—April 1934) included the Civil Service Confederation, the Royal Arsenal Coöperative Society and other coöperative societies, the Coöperative Wholesale Society, the Baptist Union, the Congregational Union, the London Liberal Federation, the Yorkshire Liberal Federation, the Students' Union of the London School of Economics, the National Council of Women, the National League of Young Liberals, the Northern Colliery Officials Mutual Aid Association, the National Union of Clerks, the National Union of Railwaymen, the National Union of Teachers, the Independent Order of Rechabites, and the Engineers Section of H.M. Office of Works.

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Winston Churchill Favors P.R.—There is one other reform in the franchise which should be made by the present Parliament and should become operative at the next election. I mean the institution of proportional representation for the great cities.

The lack of influence on affairs of our great cities like Liverpool, Manchester, Glasgow, Birmingham, Bradford, Leeds, and many others is deplorable. As political entities they are already moribund. They had more influence in the old days when they only had a couple of members than they have now that they are each sliced up into ten or a dozen constituencies. There is no collective voice from any of them.

Leading politicians in every party avoid such fickle and changeable areas, and seek in county seats or smaller boroughs a trustworthy resting-place.[1] When one sees how, for instance, the interests of Manchester and Liverpool are ignored in the whole march of public events, and how little they count in public discussions, it is surely time a change was made.[2] . . .

And what is the alternative? I have no hesitation in saying that unless the reform and strengthening of our parliamentary institution is actively undertaken without delay we shall see ourselves involved in a succession of disastrous fluctuations attended by continued constitutional decay, and that the regeneration of the country and the establishment of sincere and vigorous government will be achieved through agencies very different from those which have hitherto been the peculiar glory and achievement of our island.

Rt. Hon. Winston Churchill
in the *Evening Standard*, London.
January 24, 1934

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Schenectady Bureau of Municipal Research.—The chief aim of the Bureau in recent months has been the development of an informed public opinion. The Bureau has, of course, continued to supply material, information, and advice to city officials whenever its assistance has been requested, and much unpublicized work has been done for city and county officials. However, the publicity and educational work of the Bureau has been given the most attention. During the past two or three years, space given to Bureau material by the local newspaper has averaged 12 to 15 column inches a day. By consulting officials before publishing articles about their work and giving credit where credit appears to be due the Bureau has won a reputation for nonpartisanship and fair dealing and has established and maintained cordial relations with local officers.

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[1] The reference of course, is to the British practice of choosing a constituency to contest without regard to the candidate's place of residence.—Ed.

[2] Mr. Churchill went on to oppose P.R. in the country districts.—Ed.

Evidence that the Bureau's educational campaign is bearing fruit may be seen in the fact that the local taxpayers' association and many other local civic organizations, including the League of Women Voters, Good Government League, and Federation of Women's Clubs, use the Bureau's fact-finding facilities, and are taking an increasingly aggressive interest in city and county government. A strong movement for city manager government is a definite reflection of this awakened civic consciousness. The substantial reductions which have been made in the budgets of the city and county since the peak years are other indications of the effectiveness of the Bureau. Surveys and investigations pointed out to city officials and to citizens generally the most feasible and most constructive economies, and continuous publicity kept these proposals before the public. The work of the Bureau is evidently appreciated as almost a hundred new supporters have come forward during the past three months.

Recent research reports have covered the following subjects: damage claims against the city, comparative police costs, proposed county charter changes, city's cash position and bond refunding proposals, state-collected and locally-shared taxes, comparative salary rates, state legislation to assist local economies (1934), street cleaning costs, proposed purchase of airport by county, milk regulation, up-to-date map of city showing street numbers (with CWA drafting assistance), administration of criminal justice.

*

New Officers of Boston Research Bureau.—The Boston Municipal Research Bureau has been fortunate in obtaining as its new chairman, President A. Lawrence Lowell of Harvard University. The new vice-chairman is Henry B. Sawyer, former member of the Fall River Board of Finance and now connected with a large investment corporation.

*

Stark County Tax League (Canton, Ohio).—The annual report of the secretary of the League, issued during July, contains a detailed account of a year of activity. The League took an active part in the educational campaign preceding the referendum on the so-called county home rule amendment and circulated many thousands of pamphlets and circulars on this subject to the voters of Stark County. The amendment carried in Stark County by a wide majority.

The League has been active in research work on county affairs and has made its findings and recommendations available to the Governor's Commission on County Government. This commission was appointed for the purpose of recommending optional plans for county reorganization for various types of counties in the state. Mr. Paul Belden of Canton was selected as one of its twelve members.

The passage of the ten-mill tax limitation amendment in November has precipitated a climax in local government finance and taxation. There has been a somewhat mistaken idea that the five-mill reduction under the new limitation could be absorbed by suddenly reducing proportionately the cost of government. This might be possible if it were not for the fact that in most counties more than one-third of the fifteen mills is necessary annually for the retirement of debts and payment of interest. It is manifest that it is unreasonable to expect in one year a 50 per cent reduction in government cost. A reduction in general property valuations throughout the state of approximately 35 per cent makes the situation even more difficult. The League, after a thorough analysis of the situation, has found that some new form of tax will be necessary, at least temporarily, until debts have been paid and until the cost of government is further constructively reduced. The question as to what form these new taxes should take has been a problem which has balked all effort of the recent special session of the legislature called for that particular purpose.

One of the chief reasons for the extreme difficulty of reducing the operating cost of the county and municipal governments in Stark County had been the constant increase, particularly since 1931, in the cost of emergency relief. In 1933 this item reached a point which represented over 50 per cent of the total operating cost of the county government. It is hoped that the crisis in direct poor relief has now passed as the county poor relief records show that at the present time there still remain on the list about 4,000 families as compared with 7,500 a year ago, and a peak of 10,600 families in 1933.

Several bulletins have been issued by the League dealing with the proposed Muskingum Valley Conservancy District Project. As originally outlined, it appeared that Stark County would receive no benefits whatsoever from either a flood control or water conservancy standpoint. However, it appears now that the League's effort to obtain changes in these plans may be successful as the officials in charge indicate that at least one dam may be located north of Massillon and Canton.

During the past year the secretary of the League has devoted a great deal of time to Stark County affairs. Assistance was given the board of county commissioners at the time the budgets were prepared in the fall of 1933, and also the county budget commission when the rates were set and the money allocated to the various subdivisions of the county.

The Tax League started the movement for the consolidation of the county workhouse and the county jail, and after over a year's efforts was finally successful in having this negotiated. A conservative estimate of savings, if the merged institution is properly run, is $25,000 a year.

During the past year the financial difficulties of the city of Alliance has probably been the worst of any of the three cities in the county. A number of conditions have contributed to this result, including a large tax delinquency. It was necessary during the past year for the city to issue $34,000 of tax anticipation certificates (scrip). Although this form of money is not the most desirable, it served its purpose in the case of Alliance by permitting the continuance of the fundamental forms of municipal government such as police and fire protection which otherwise could probably, not have been done. The security pledged for the redemption of these certificates is delinquent taxes over a period of five years, a portion of which is required to be set aside each year. The League, through its secretary, assisted the city auditor in Alliance in attempting to cope with these fiscal problems.

*

Governmental Research Association.—The 1934 meeting of the Association at Lake Cazenovia, near Syracuse, New York, was unique in many respects. In the first place, the location—a quiet, small resort—was conducive to frank and intimate discussion. In the second place, the coöperation of the American Political Science Association resulted in the attendance of a number of university professors who contributed enormously to the stimulating discussions.

About seventy-five persons attended the conference although most of the individual sessions were not so large and it was possible to use an informal round-table procedure that was far more interesting and valuable than the customary conference program. No report of the conference is to be published if for no other reason than that no report could be prepared which would do justice to the gathering. The conference did not come to any conclusions. But the almost unanimous opinion of those in attendance was that they had derived a great deal of information both from the regular sessions and from private conversations with fellow researchers and had enjoyed the week more than any similar conference period they had ever attended.

Subjects of the principal conference sessions were as follows: The present situation in the field of municipal finance, control of land use, reorganization of the governmental revenue system, financing unemployment relief, and reorganizing county government.

Although the success of the conference was not due to any one man's contribution, the able leadership of Philip Cornick of the Institute of Public Administration, who served as chairman during the first four days, stands out in the minds of all those in attendance as the major reason for its success.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

British Public Utilities and National Development. By Marshall E. Dimock, Ph.D. London, George Allen and Unwin, Ltd., 1933. 349 pp. Distributed in the United States by University of Chicago Press. $3.25.

This book is the product of a liberal-minded American college professor thoroughly trained especially in the field of public administration. The materials which it presents were assembled, analyzed, and put into a form which can be appreciated by the layman as well as by the trained expert, during the author's nine months' sojourn in England in 1932-1933. It is a source of pride to American scholars that one of their number has been the first to contribute a comprehensive work in the increasingly important field of public utilities administration.

The reviewer agrees with the English publishers and the reviewer in the British *Public Administration* (January, 1934) that this is "the first comprehensive analysis of the development, organization, management, and control of British public service undertakings." The author, in his attempt to interpret the development of public utilities in relation to "national development" has undertaken the difficult task of applying the principles of "economics, public administration, law, and philosophy." It is no indictment of the book to express an opinion that the author's attempt to present a "philosophy" of public utilities administration and control was the most difficult and least successful among the several lines of approach.

A large part of the book is devoted to the several types of public control applied to the different types of public utilities. Public utilities are divided into five classes, namely:

(1) the public authority (public ownership and operation);

(2) the private company operating under a limited monopoly;

(3) the public utility trust;

(4) mixed undertakings composed of private and public capital, and

(5) the private individual.

The fourth and fifth are dismissed with a word, while the first three are developed at length. Chapter I, "The Setting," and Chapter IX, "The Future of Public Service Undertakings," set forth the general principles, including the nature of public utilities, the several classes of control, and their nature and importance.

Probably for Americans the most informative portion of the book is that dealing with the "Public Utility Trust." According to the author "the public utility trust is a special form of legal creation; its directors are appointed by the government, by local authorities, or in certain cases by the users of the service; the undertaking is a legal monopoly; the stockholders are all creditors and not partners in the undertaking; and the amount and disposition of its earnings are strictly limited by statutory provision. The public utility trust is non-profit-making. The principal respect in which it differs from a government department . . . is in the absence of continuous ministerial control over its operations." (p. 45)

The four outstanding public utility trusts, namely, the Port of London Authority, the British Broadcasting Corporation, the Central Electricity Board, and the London Passenger Transport Board, are described and their workings and functions analyzed.

The author suggests that "for the time being the public utility trust appears to hold out the most promise of preference in the future." However, he fears that such trusts may be too far removed from effective governmental control; that pressure from interest groups may creep in; and that unnecessarily high salaries, fees, and overhead costs may be eliminated with difficulty." (p. 303)

The author appears to have more confidence in the ultimate success of government-owned utilities under control of Parliament and of Ministers than of those under Public Boards with an independent status. (See pp. 316-318.) (Those interested in the "public trust" should read also Herbert Morrison's "Socialization and Transport.")

The factual side of the study is effectively covered by the chapters on railway transport, post office, including telegraph and telephone service, electricity, and broadcasting.

A bibliography (which is lacking) would have been appreciated by students of public utilities.

On account of the controversial nature of the subject, readers may question many of the author's conclusions, but every reader will be enlightened by the clear presentation and keen analysis of facts.

Orren C. Hormell

Bowdoin College

*

Uniform State Action. By W. Brooke Graves. Chapel Hill, University of North Carolina Press, 1934. 368 pp. $3.50.

Professor Graves here offers a timely addition to the literature on interstate and federal-state relations in the United States. Without dogmatism he argues cautiously and convincingly for an extension of uniformity as "a possible substitute for centralization." Although Professor Graves is not concerned particularly with the precise methods of obtaining uniformity he favors action by states within the scope of their authority where states show "that they can and will do what needs to be done" (290); where states fail to do this he favors federal action whether or not it results in centralization (*ibid*). To hasten uniform state action the author lays down a five-fold program of specific proposals as follows: first, stimulation "of interest in the idea of uniformity *among those who have the power to act*—namely, public officials, both legislative and administrative" (298); second, organization of a national council of state administrative officers to study the existing situation and to devise ways and means of furthering uniformity (299); third, facilitation of coöperation among agencies working for legislative and administrative uniformity by locating their central organization headquarters in close proximity (300); fourth, edification of the members of the judiciary, in every court of record in every state, on the nature and purpose of the uniformity program so developed (300); and fifth, inauguration of an extensive educational campaign in the interest of uniform state action similar to that undertaken by supporters of city manager government (301-302).

Professor Graves' account rightly presents in greatest detail the role of administrative agents and agencies in their quest for "Uniform State Action" (77-281). The need for and methods of securing uniformity are reviewed briefly (3-32); legislative uniformity (33-77) and uniformity through judicial decision as well as judicial coöperation (269-280) are described with similar brevity, no doubt because the author believes they are less significant than uniformity through administrative devices (297).

Appendices containing constitutions and bylaws of representative organizations of state administrative officers, lists of national and sectional organizations of these officers, and modifications of uniform acts serve to enhance the value of this lucid and thorough study.

Professor Graves has succeeded in synthesizing a mass of important material. His study is vitalized by the judicious use of letters and records obtained from hundreds of officials and others having a practical administrative approach to the problem. This reviewer regards the volume as an indispensable guide to the ultimate solution of interstate diversity.

Kenneth O. Warner

University of Arkansas

*

Municipal Electric Utilities in Michigan. By Donald M. Whitesell. Ann Arbor, Michigan Municipal League, 1934. 104 pp. $2.25.

This is a simple and direct presentation of fundamental facts about the fifty-two municipally-owned electrical facilities in the state of Michigan. The author has described, and presented in tabular form where possible, the history, organization, administration and control, financing, revenues and expenditures, accounting and record-keeping policies, rate schedules and plant statistics such as capacity, etc., for the lighting plants of the state. Facts are presented from a strictly impartial point of view and there is relatively little analysis or interpretation. The work is a valuable addition to the state studies previously published covering California, Massachusetts, and New York.

*

Municipally Owned Electric Utilities in the United States. Compiled by Otto M. Rau. Washington, D. C., Federal Emergency Administration of Public Works, 1934. 104 pp. mimeo.

This volume, prepared for the Mississippi Valley Committee, is a tabulation of the 2,390 places having municipal service, indicating the type of plant, capacity, meters and other points. Although this is, to be sure, somewhat meager information, the dearth of authoritative data on municipal plants makes it a welcome document.

*

Jahrbuch fur Kommunalwissenschaft. Edited by Kurt Jeserich. Vol. 1, No. 1. Berlin, Kohlhammer, 1934. 314 pp. RM 6.

The National Socialist revolution has made obsolete most of the previous studies on German municipal government. In order to provide information on current developments, the Municipal Science Institute of the University of Berlin has begun the publication of the *Jahrbuch fur Kommunalwissenschaft.* The year book is edited by Dr. Kurt Jeserich, head of the Institute and executive president of the German Union of Local Authorities (*Deutscher Gemeindetag*). Two numbers will appear annually.

In the first number, Dr. Jeserich has contributed an interesting and scholarly article on the nature and scope of municipal science. The numerous changes and proposed changes in German municipal government are admirably presented in a detailed analysis by Dr. Harry Goetz of the Institute staff. Other articles deal with the *Deutscher Gemeindetag,* municipal finance, public savings banks, municipal statistics, etc. While the main emphasis is on things German, there is an article on municipal administration and finance in Italy, and another on the unemployment problem in Birmingham, England. American officials and students who wish to keep in touch with German municipal government will find the *Jahrbuch* indispensable.

Roger H. Wells

Bryn Mawr College

*

Civic Education in the United States. Report of the Commission on the Social Studies. Part VI. By Charles E. Merriam. New York, Charles Scribner's Sons, 1934. 196 pp. $1.75.

Professor Merriam's recent work opens with an easily recognizable picture of the present social-political order thrown out of balance, full of insecurity for its members. He shows the urgency of rapid and intensive experimentation if democratic principles are to be preserved. Government has remained sacred and stationary while science has been transforming other fields. A balance must be re-established between the practical organization of our life and scientific knowledge; technology, medicine, psychology, and education must be integrated into a new plan. Old democratic forms must change, or be swept away by forces which the author recognizes as more revolutionary than the most revolutionary of political doctrines.

The slim volume is full of insight into social forces, including the increasingly important factor of education; full of a realization that separate educational fields, such as history, sociology, anthropology, and government, which have looked back, must look at the present and the future if they are to serve in the integrating process. *Laissez-faire,* cynicism, aloofness must be superseded by appreciation of realities and of future possibilities.

For the reorganization of civic education in the United States no detailed program is offered but rather an analysis of its needs, its possibilities, and of the scope and attitude which would characterize it. A development of much of the material by the same author in "Recent Social Trends," and richly annotated, this volume should be an inspiration to those who are attempting to prepare themselves and others for the social and civic life of the future.

Elisabeth McK. Scott

Public Documents — State, Municipal, Federal, Foreign. Edited by A. F. Kuhlman. Chicago, American Library Association, 1934. 233 pp. $1.75.

This compact little volume contains the papers presented at the 1933 conference of the American Library Association, edited by the chairman of the Committee on Public Documents. The material deals with the policies and problems concerning the issuance, distribution, and use of public documents. As the editor points out in the foreword, public documents have become very numerous and, more important, very valuable in content. They form a basis for the widespread study of governmental affairs and their accessibility, through carefully planned programs of collection and preservation, is essential for enlightened progress. Those who have occasion to use as well as those who catalogue and preserve governmental publications will find this collection of papers interesting and encouraging.

*

The Relation of the State Sales Taxes to Cities. By Paul V. Betters. Chicago, American Municipal Association, 1934. 3 pp. mimeo. Fifteen cents.

This brief—very brief—bulletin shows the limited way in which cities are sharing in state sales taxes and the serious extent to which they pay such taxes either on municipal utility sales or on municipal purchases.

LEAGUE'S BUSINESS

(Continued from Page 563)

The Nominating Committee was composed of the following members: William E. Mosher, Chairman, William P. Lovett, Henry L. Shattuck, Hon. John G. Winant, and Mrs. F. Louis Slade.

* * *

Citizens' Councils in New York.—A conference on government to promote the development of citizens' councils in central New York was held October 19 and 20 at Union College under the auspices of the Schenectady Bureau of Municipal Research and the National Municipal League.

The program included reports from citizens' councils and a discussion of the value of the council plan in improving methods of municipal accounting and finance, in reorganizing local government, and in supporting legislation in these and other fields of government improvement. The last session of the conference covered methods of studying local government.

The conference recommended to citizens' councils in the state immediate study and appropriate action on:

1. Legislative and constitutional provisions for reorganization of county and local government.
2. Collection and dissemination of local government revenue and cost data.

It requested the state committee of the League to prepare a plan for a state-wide legislative service which would provide citizens with prompt legislative information and an analysis of legislative measures.

An organization committee for the New York central region was formed to organize councils and to arrange for coöperation between councils in that region. It includes: Abbett Pulliam, director of the Schenectady Bureau of Municipal Research; Kathryn Starbuck, Saratoga Springs, state president of the Business & Professional Women's Clubs; Alonzo Grace, University of Rochester; Harold Sanford, editor of the Rochester Democrat-Chronicle; Robert L. Steadman, Syracuse University; M. P. Catherwood, Cornell University; Dorothy Schaffter, Vassar College; and others whom the committee may add.

* * *

You and Your Government.—Listed below are coming programs in the ninth series of You and Your Government broadcasts. These may be heard each Tuesday evening from 7:30 to 7:45 eastern standard time. Copies of all broadcasts are available after they are given, at fifteen cents. The entire series of eighteen is priced at $2. Order from the League's office.

November 13—"Regionalism and Local Government." Professor Phillips Bradley, Amherst College.

November 20—"The 44 Legislatures of 1935." Henry W. Toll, Director, American Legislators' Association; Hubert R. Gallagher, Research Assistant, American Legislators' Association.

November 27—"Forty Years of Progress." Hon. Murray Seasongood, President, National Municipal League, speaking from the League's Fortieth Annual Meeting in Pittsburgh.

December 4—"Community Foundations." Colonel Leonard P. Ayres, Vice-President, Cleveland Trust Company; Ralph Hayes, Director, New York Community Trust.

December 11—"Enforcing Tax Collections." Philip A. Benson, President, Dime Savings Bank of Brooklyn; Russell McInnes, Government Bond Department, Lehman Brothers, New York.

Howard P. Jones, *Secretary*

NATIONAL MUNICIPAL REVIEW

DECEMBER ✦ 1934

Forty Years of Progress in Municipal Affairs

• • • MURRAY SEASONGOOD

The Future of Municipal Government

• • • HAROLD W. DODDS

A Greater City

• • • C. A. DYKSTRA

Uncle Sam or Boss Sam

• • • HAROLD S. BUTTENHEIM

Selling Public Enterprise to the Public

• • • MARSHALL E. DIMOCK

Rehousing the Slum Dweller Is Not Enough

• • • BEATRICE GREENFIELD ROSAHN

The Story of New York in Interest Rates

• • • T. DAVID ZUKERMAN

Comparative Tax Rates for 261 Cities, 1934

• • • C. E. RIGHTOR

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THE LEAGUE'S BUSINESS

Hon. Murray Seasongood
Retiring President of the League

Hon. Murray Seasongood, retiring president of the League, has served since 1931. Under his leadership the League has met with conspicuous success the myriad problems incident to the stress of the past few years.

Mr. Seasongood, distinguished Cincinnati attorney, was the first mayor of that city under its city manager charter, after leading the vigorous campaign for its adoption. He is chairman of the Cincinnati City Planning Commission and president of the local Legal Aid Society; he was Godkin lecturer at Harvard University in 1932; he is also professor of law at the University of Cincinnati and has been a member of the Board of Trustees of the Julius Rosenwald Foundation since 1930. This fall Mr. Seasongood has been active as special counsel for the city of Cincinnati in the trial of the gas rate question before the Ohio Public Utilities Commission.

Mr. Seasongood is the author of a number of widely known books on governmental questions and has achieved a national reputation for brilliant work as a speaker and lecturer on problems in the field of local government.

Too much cannot be said by the Secretary regarding Mr. Seasongood's helpfulness and inspiration as a leader during perhaps the most trying period of the League's history.

Dr. Harold W. Dodds
The League's New President

At the annual meeting in Pittsburgh, November 26, members of the League elected as president for the ensuing year President Harold W. Dodds of Princeton University. Dr. Dodds has long been active in the League's work. From 1920 to 1928 he was secretary of the League, and from 1920 to 1933 editor of the National Municipal Review.

One of the foremost authorities on local government problems, he was appointed professor of politics at Princeton University in 1927. He was chosen as chairman of the administrative committee of the School of Public and International Affairs of that institution in 1930, and in June 1933 was elevated to its presidency.

In addition to his extensive writings on governmental subjects, Dr. Dodds is the author of the revised election law of Nicaragua, and was technical adviser to General Pershing when the latter was president of the Tacna-Arica Plebiscitary Commission in 1925-26. His election as president of the National Municipal League is a most logical step in his brilliant career. The continuation of his association with the League in this new capacity should mean much to the organization as a result not only of his deep-rooted knowledge of the field, but his own intimate experience with the problems of the organization itself.

(League's Business continued on Page 649)

HERALD
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ATION
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HEADLINES

New York City's comptroller takes a long step towards helping the voter to understand his government by recasting the weekly summary of the city's receipts and disbursements into a form understandable by the man in the street.

* * *

New Mexico's new Taxation and Governmental Commission undertakes a complete survey of the state government, which will be available for the next session of the legislature.

* * *

Pennsylvania's State Chamber of Commerce complains that "State aid as it now stands acts as a pulmotor to keep the present inefficient and expensive school district system alive."

* * *

The American Library Association in a recent bulletin advocates a plan for organizing this country's ten thousand public libraries along regional lines with national direction, so as to equalize library facilities for all the people of all the regions.

* * *

Forty more American cities have adopted police radio and patrol car service in the last 6 months. Seven cities in northeastern Massachusetts combine in a joint service with a central broadcasting station in Salem.

* * *

A sidelight on the upheavals above comes from the *American City's* current survey of police practices: "The argument generally brought against having two men in the patrol car is that policemen are inclined to discuss subjects other than their duties."

So they *are* human after all.

* * *

Denver breaks the mournful procession of tax-delinquent cities with a showing of 92 per cent of collections for the current year.

* * *

Commissioners of the District of Columbia start work on an $8,000,000 sewage disposal plant to be located at Blue Springs, Va. Completion is expected in 1936.

* * *

Louisville, Ky., announces a PWA housing project involving $1,500,000 to construct 1,500 rooms.

* * *

Milwaukee County, Wisconsin, turns its eyes inwards upon itself and makes these picturesque discoveries—89 tax-levying units or 1 to every 2.6 square miles, 16 separate fire departments, 19 police departments, 12 health departments. Efforts at consolidation are under way.

E. M. B.

Forty Years Of Progress In Municipal Affairs

President's report, delivered at the fortieth annual meeting of the National Municipal League, held November 26 and 27, at Pittsburgh, Pa.

MURRAY SEASONGOOD

Former Mayor, Cincinnati, Ohio

I come like St. Denis, carrying my head under my arm, or like Charles I, to talk after my head is off, although, be reassured, not like him for seven days. I am a firm believer in rotation in office and think the policy of our League—not more than three terms of a year each for the president—is an excellent one. I am most happy, also, in the choice of my successor as president, Dr. Harold W. Dodds, President of Princeton University. That he is willing to serve as our chief officer, notwithstanding his heavy duties as directing head of a great university, is a matter of congratulation and encouragement for the future of the League.

The fortieth anniversary of the founding of the National Municipal League should not go unnoticed. It was organized at a conference on good city government called in Philadelphia by a distinguished list of sponsors, including Theodore Roosevelt, Louis D. Brandeis, now Mr. Justice Brandeis of the United States Supreme Court, James C. Carter, Richard H. Dana, Charles J. Bonaparte, R. Fulton Cutting, Richard Watson Gilder, John R. Procter, Wendell P. Garrison, Abram S. Hewett, Edwin L. Godkin and Clinton Rogers Woodruff, the last of whom is still Honorary Secretary of the National Municipal League. Great names these, and we are proud to carry on the institution they initiated. James C. Carter, of New York, became the first president of the League. He was the acknowledged leader of the Bar of this country. Charles J. Bonaparte, of Baltimore, another of the signers of the original call, succeeded him as president, and the present Chief Justice of the United States, the Honorable Charles E. Hughes, also served in that capacity.

The League has been an important agency for the improvement of local government in this country. Founded at a time when municipal and county government were at perhaps the lowest stage, it has witnessed extraordinary improvement in its, for a United States reform organization, very long life. Since its birth practically all of the following have developed in local affairs in this country, and many since it attained its majority—some in the last few years: the growth of the merit system; initiative and referendum; the short ballot; the nonpartisan ballot; the Massachusetts form of ballot; proportional representation; planning for cities, counties, states and regions; zoning, including experiments with set backs and excess condemnation; the right of home rule in local affairs, city and county; the commission plan, succeeded by the council manager plan of government; bureaus of governmental research; permanent registration of voters.

RECENT ACCOMPLISHMENTS

It is appropriate, as I leave office, to present a brief review of what has happened during the past three years in the field of local government as well as a review of the activity of the organization itself.

First of all, the growth of the council manager plan is encouraging. Twenty-one cities have adopted this form of government in the last three years and reports from all of them indicate that better service is being rendered at lower cost. Toledo and Schenectady voted favorably on the project in the November 1934 election.

Kentucky and Missouri adopted acts extending to certain classes of their cities the privilege of adopting the manager plan.

Texas adopted a constitutional amendment providing for consolidation of city and county governments; and at the recent November election, consolidation of the city and county governments of Milwaukee, Wisconsin, and consolidation of the city of Jacksonville with Duval County, Florida, were approved by the electorate.

Minnesota enacted legislation permitting consolidation of its counties.

Permanent registration of voters was adopted in Arizona, Indiana, and Illinois, and extended in Missouri.

Colorado, Missouri, and Kentucky adopted uniform budget laws.

Short ballot laws were enacted by the Indiana and Missouri legislatures.

At the present time, all but the states of Connecticut, Florida, Georgia, Mississippi, and Nevada have some form of central buying organization.

The National Municipal League's model state liquor control law has been adopted in whole or in part by eleven states.

Most significant of all, however, are the inroads that have been made upon that unit of local government dubbed by H. S. Gilbertson, when he was with the National Municipal League, the "dark continent of American politics"—the county. Three years ago no county in the United States was operating under what could truthfully be called the manager form of county government.

True, a few experiments had been made by a number of counties in Virginia and North Carolina which were most encouraging and which formed the basis of evidence presented by the National Municipal League to indicate the effectiveness of greater centralization of responsibility in county government to eliminate waste and reduce costs.

Today, however, we can look upon six counties operating successfully under the manager form of government—three in Virginia, two in California and one in North Carolina—and can at the same time welcome a newcomer to the ranks, Douglas County, Nebraska, which includes Omaha. There the plan in its purest form will become effective January 1, 1937. The act under which Douglas County voted November 6 was almost a word-for-word reproduction of the model county manager law drafted by the county government committee of the National Municipal League. It is now possible to adopt the county manager form of government in California, North Carolina, Montana, Virginia, Nebraska, Texas, and Ohio, and in nine other states campaigns in various stages are under way to permit adoption of the plan by counties. In Hamilton (Cincinnati), Cuyahoga (Cleveland), Lucas (Toledo), and Mahoning (Youngstown) in Ohio, at the recent election, commissions of which I am a member in our county, were elected to frame county home rule charters for submission to the electors.

Of considerable interest, too, is the adoption by Nebraska of the League's recommendation in its model state constitution for a unicameral legislature: the first state in the union to attempt such fundamental reorganization of its legislative set-up.

(Continued on Page 693)

The Future of Municipal Government

Drift toward greater state control among important trends seen by League's new president

HAROLD W. DODDS

President, Princeton University

THE wheels and gears of the municipal government machine, as in government generally, are rotating with great momentum, even if they are not always in mesh. No clear blueprints exist to relieve our bewilderment in the presence of this unaccustomed speed, and while certain common objectives can be detected, the play of the parts is great and their functions are understood but imperfectly by innocent bystanders like myself. Yet, it may be that an innocent bystander, even under the handicap of enforced remoteness from the dust and sweat of the workshop, may raise his voice in a company like this in which so many are actively engaged with the forces of change now operating. Perhaps you see in this the customary plea of the academic mind for a rôle in a drama in which men of action, even though they may be denominated "braintrusters," always seize the footlights. The future of anything in days like these is no fit subject for a man who values his reputation for wisdom. But the subject has a rather dangerous fascination for me because I fear that many people are overlooking the patent fact that present developments (which involve municipal government so intimately) are in a real sense only the projection to new peaks of the trend curves of the past two generations. It is probable that these peaks will not be continuously maintained at the present level, but what the visible future holds will largely be determined by these trends, rather than by new elements introduced in a sudden or catastrophic manner.

Of course, to speak adequately on the subject assigned, would require a thorough grounding in astrology and more knowledge of politics from Plato to Louis Brownlow and Tom Reed than I possess. But we assume a cause and effect relationship in political institutions (even if we often are unable to locate the cause or identify the effect) similar to the course of the natural sciences. Thus, while turbulent periods such as the present introduce new elements, these elements are more often in the nature of solvents or catalytic agents than explosives; or, to change the figure, more the culmination of a process of natural selection working on minute variations than the unforeseen emergence of biological sports.

It is this fact that entitles those who have been associated with the National Municipal League to a guess as to the future. What I have to say, therefore, rests upon opinions which submit of meager statistical support. Indeed, any prophecy resting on current statistics is, in my judgment, unworthy of respect.

Editor's Note: Address delivered at the National Conference on Government, Pittsburgh, Pa., November 26.

What I have to say is merely a sort of dogma, or creed if you prefer, which has attached itself to me without conscious effort on my part. The points are, of course, perfectly familiar to you.

WHAT OF THE FUTURE?

The first article of my faith is that, unless certain unpredictable changes in technology take place, more radical than we can now profitably contemplate, the dominance of the city over American life will continue to grow. I say this in full consciousness of new deal progress for industrial decentralization, and with a strong personal disposition to the country as a way of life. The picture of a land dotted with garden cities, and enjoying the full benefits of industrialization without the disadvantages, is indeed a pleasant one. I hope that it can be made a reality, but it won't be accomplished by government edict or by government spending. Unless garden cities are articulated with the general economic life of the nation they will fail; and this articulation is far more difficult than the task merely of planning and constructing the villages.

Moreover, so far as business is concerned, the decentralizing forces at work relate to industry rather than commerce. In my judgment the city is bound to remain the great center of trade and finance. The services rendered by these functions to industry and agriculture are best carried on in cities, and will continue to be conducted there even in the face of widespread industrial decentralization. We cannot look to the disappearance of the city as a way of escape from city problems. Despite its discomfort and its few amenities, the city declines to be removed from the scene. So we assume that the National Municipal League will have work for a long time to come.

But this does not imply that squalor and discomfort are inevitable prices which society must pay in return for the city. The vision of city planners is clearer than it was a generation ago, and the causes of our present discontents are better known. We are more ready to accept a collective responsibility for the conditions of city life than we used to be. This makes it possible to direct our treatment to fundamental and widely ramified causes. It enables us to make city planning more than a matter of parks and set-back lines. But we have learned also that planning a city involves plans for the nation as well, and that no city can plan for itself alone.

No city can now live to itself alone. The ardent debates over municipal home rule, for which the National Municipal League fought and bled in its earlier days, are largely of antiquarian interest. The drift is toward greater state control of local government, simply because local government is a collective enterprise even as among the local governments themselves. Thus, for example, we are approaching the day when state legislatures will begin to compel the consolidation of counties and municipalities for the sake of better supervision by the state, as well as for financial and administrative reasons. The swing towards larger basic units, I believe, will begin in earnest when the present emergency psychology recedes, and we begin again to think ahead more than a few weeks at a time.

CITY AND STATE RELATIONSHIPS

The end of the depression will find our cities in deep debt to the states, with the federal government also in possession of both legal and moral claims against them. Cities will be increasingly dependent upon state sources of revenue, and he who pays the piper in the long run calls the tunes. We have been saying for a good many years that each metropolitan area represents a community of interest transcending the selfish wishes of any component municipality. We can now begin to apply the same reasons to a good many states in the manner in which we have been considering it in respect to metropolitan government. My own state of New Jersey is a notable example.

In saying this I do not wish to be understood as predicting the immutability of the states as at present constituted. In many instances, state boundary lines are today historic survivals whose values are largely sentimental. I am thinking of the state as a unit of government intermediate between the locality and the nation and such a unit has value and constant possibilities. In the course of the years the present circumstances of area and function of the states may be modified but I do not foresee an abandonment of the principle of national federalism, although its internal structure may be changed as time progresses.

The problems of adjustment in this field—political, social, and financial—will be most difficult in both theory and practice. Old-fashioned citizens must be prepared to see services, which have been hallowed by time as local functions, assumed by the state, if not indeed by the federal government. Taxpayers are beginning to demand that the state take command in cases where the separatist sentiment of localities is blinding them to the larger possibilities. But the fire of local civic interest need not be dimmed thereby; new functions will spring up and loss of responsibility in one direction will be compensated by accretions from another. The position of local government as a training school for democratic responsibilities need suffer no impairment.

THE NEED FOR THE SPIRIT OF REFORM

And finally, I expect to see the revival of municipal reform as a citizen's movement similar in nature to the broad sentiments which motivated those who founded this League. By this I mean something more comprehensive and deep-rooted than the usual taxpayer's revolt. In its inception the League was a purely amateur organization. Later, as we all know, municipal progress became rather a technical matter emphasizing administrative practices. The bureaus of municipal research were the flower of the second stage of municipal reform. Their contribution came at a most appropriate time but tended to overshadow interest in political processes and the need for popular education in a few simple fundamentals. Today the advanced administrative technique, developed under the leadership here present tonight, is beyond the comprehension of the most intellectual average citizen. The new technique is necessary; but will a democracy accept and trust something it does not understand? The answer is that it will not, except as it trusts those in public office who do understand the technique.

I think we have gone about as far as possible in the application of difficult techniques until we have made commensurate progress in the field of politics and have thus provided a soil favorable to expert administration. We may take the civil service as an example. Civil service reform began as a moral movement against the corruption of the spoils system. The Pendleton Act was quickly passed, and in time the merit system was introduced into a dozen states and all the larger cities in a more or less formal manner. But it has yet to win general acceptance as a practical doctrine controlling administration. The art of personnel management has made pronounced theoretical progress, but with rare exception our theory is behind our practice. It is clear that the time has come for a second reform movement aflame with the vigorous moral urge that characterized the civil service movement a generation ago. Until we secure political leaders, not to mention civil service commissioners, who wish to see the merit system succeed, it is idle to expect much from further developments in technique. And political leaders willing to accept the career idea in the public service will not emerge until the people demand it. The anachronism of an elaborately implemented personnel technique, operated under conditions of hostility and evasion by persons desiring to defeat its purpose, is something Bernard Shaw would enjoy.

The blunt fact is that our vaunted democracy must cleanse itself of excresences, such as the spoils tradition and the obsolete political theory from which it sprang, and fit itself as an efficient instrument of social control. If democracy is to survive, it must be a practical success. No beautiful theories regarding the delight and spiritual values of freedom will save it if it cannot perform the minimum services in a manner demanded by the times. The people love liberty but they put ham and cabbage first, and if they can't get them under democracy they will transfer their affections and their spiritual values to other systems.

Most thoughtful people see the great gap between our political *mores* and the ideals which our *mores* might approach. The lag should be reduced. I know no method of doing it except by a spread of enlightenment. It is not a job of preaching that has to be done. It is a job of education involving more of us in the labor of political campaigns and the smoke of election battles.

Fisher Ames described the difference between monarchy (it would be called dictatorship today) and democracy as follows (I quote from memory): "Monarchy is like a merchantman. You go on board and ride the wind and tide in comfort and elation, but by and by you hit a reef, and go down. Democracy is life on a raft; you never sink but, dammit, your feet are always in the water."

The contrast was valid in Ames' day. We may hope that democracy will continue to afford the security of the raft, but unless we can recondition the raft to get our feet out of the water and to enable us to manœuvre it more easily, we shall, I fear, desert it for the seductive accommodations of the merchantman.

It is fortunate that this day of depression, when so many cities are in need of the oxygen tank and first-aid treatment, finds the National Municipal League so aggressive and flourishing. It is gratifying that while its emergency service is so active, the long term program can still be prosecuted with vigor. I hope that the need of the salvage crew will be reduced as the depression tapers off and that our energies can again be centered upon the education of a nation in civic standards and administrative proficiency.

And if we can make people angry enough to cast out political jobbery and political bosses mouthing insincere or unsound creeds, so much the better.

LEAGUE'S BUSINESS

(Continued from Page 642)

Fortieth Annual Conference on Government Outstanding Success.—It will be gratifying to members of the National Municipal League to have such concrete evidence of increasing interest in the program of the National Municipal League as was apparent in the attendance at the meeting in Pittsburgh, November 26 and 27. Approximately six hundred persons registered for the conference and there were several hundred more present who failed to register. The conference concluded just as this issue of the Review goes to press. Further details regarding the meeting will be published in the January issue.

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Radio Program.—For announcement of coming broadcasts see page 693.

Howard P. Jones, *Secretary*

A Greater City

Constructive planning needed to make the city of the future a fit place in which to live

C. A. DYKSTRA

City Manager, Cincinnati, Ohio

The subject, "A Greater City," needs definition. We have gone through at least two decades in which only here and there were voices raised in protest against the education which the public was receiving in what this term ought to mean. During those days our urban dwellers were being convinced that cities had to grow or die. This truism was interpreted to mean a continual and accelerating increase in population, the development of more real estate and transportation facilities, the expanding of utility services, the building of higher and more daring buildings, and the bringing in of new industries and businesses. Cities like Detroit, for instance, were the envy of many others which kept their eyes on the census figures and bank clearings. Rapid growth seemed to be the criterion of success everywhere. Cities which jogged along without much ballyhoo, cities which were more or less content to remain places in which to live and work more or less happily, were counted back numbers and out of the race.

Well, we have had the welter of competition for place in the statistical column, and census figures for 1931 give the names of the winners. Some of the winners have wit enough to ask in 1934 what it was all about and where they are going from here. The tale is told in terms of empty buildings, tax delinquencies on vacant lots, defaulted and refunded municipal bonds, bankrupt business enterprises, enormous security losses, and a harassing relief problem. Thousands of miles of public lighting structures and highway pavements run through territory that should be under the plow.

No need to gaze at this picture longer. You all know the story. The greater city proclaimed by the promoters as "just around the corner" will never be. It never could be except under the most extraordinary conditions and in very unique situations. The desire and demand for a subway—and these were widespread—were woven around the idea that many places were to be second New Yorks. A skyscraper on the plains of Kansas and Oklahoma just had to be. It was the sign and seal of the greater city.

The question then becomes: "Have cities learned their lesson?" Elemental truths need repeating so that mistakes cannot happen again. There must be widespread understanding of fundamental facts lest we slip back unawares into the fallacies which attended city building after 1900.

THE CITY OF THE FUTURE

1. Of first importance are the conclusions of the group which has been undertaking a study of our population

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Editor's Note: Address delivered at the National Conference on Government, Pittsburgh, Pa., November 27.

possibilities. It will come as a shock to the overwhelming majority of our city builders to discover that within another generation the United States in all probability will have joined France as a country with a stabilized population. Birth rate and death rate will have become equalized, and the old projected curve used in every kind of calculation will have straightened out. There always remains the possibility that doors now closed to immigrants will be swung open again. Should this happen the curve will not flatten so soon. But the chances are that our restriction of immigration has become a settled policy and we will have to content ourselves with such population as we produce. Since there is no economic justification for large families, in all probability we shall not have them. As a part of this same picture it must be remembered that each year our population is growing older, with all that such a fact implies. Elementary schools are reporting already that fewer children are entering the lowest grades.

2. Few cities can hope to have any great future industrial growth. New industries will of course be born, but at the same time old ones are dying. Our plant capacity now existing will easily care for our expected population. Changes of all sorts are bound to come in this plant capacity, remodeling and new machines are on the way, but the requirements of future industry are likely to be less rather than more in so far as man power is concerned. Until a few years ago it continued to be true that further industrialization added to our industrial population. This accepted generalization needs revising in the light of electrical development and automatic machines. Particularly is this true since it is likely that technical developments will decentralize manufacturing and there will be no business or industrial reason for much further growth in our larger population centers. As a corollary it may be suggested that some of our smaller cities have a good chance for reasonable growth.

3. If, then, certain cities do grow within the next generation or two, their growth will be at the expense of others. We will have industrial and population transfer rather than a quite general urban population increase. Moreover, the migration from farm to city cannot continue in the percentages to which we have been accustomed. There is no longer the large reservoir of rural folk to draw from, and the city jobs which attracted farm boys and girls grow scarcer with each year. It may be set down, therefore, that the drawing power of one city as against another in future years will be proportioned to the intangible values that may be offered rather than to the incentives of jobs to be found and fortunes to be made. Whether this or that family migrates to this or that city may depend finally on the question of whether there is a symphony orchestra or an art school available.

4. In the long run the spots in which people live must be livable. The very undoubted movement out of cities into suburban areas during the last generation, in the last analysis, is a protest against the kind of cities we have been building. Who would not avoid the subway and elevated if there is human possibility of so doing? What then of congestion, moving cabs, yelling newsboys, radios blaring from windows, noise of every kind, dirt and confusion, people crowded into rabbit warrens, nerves on edge, the lack of open space, trees and grass, the sun-baked pavements in summer, and the smoke and slush of a winter day. It is a provable fact that sane city folks who can afford it are willing to leave behind the so-called scientific improvements which have helped to make our cities what they are and once more consider the recreating of something we lost when the exponents and promoters of "the greater city" came

upon the scene. The happy city passed when ambitious citizens decided to go in for greatness and the fruits of applied science. Such cities as still retain an old-fashioned simplicity and the unhurriedness which antidated the day of the booster and promoter are perhaps the happiest in the modern world. Too much of the energy which built what we have was misdirected. We now realize this. It was no one's fault. No one planned what was going to happen. Individuals who believed in the doctrine that each can do what he will with what is his own, who believed that freedom for the individual means "rugged individualism," followed their own bent without let or hindrance and left the next generation with the problem of "cleaning up." Now we face the question of relationships, of order and intelligent foresight. Urbanism in the United States to date has not made for urbanity. And urbanity we must cultivate if life in cities is to be tolerable. The day of Stone Age men in the modern city is over.

HOW PLAN A GREATER CITY?

What are to be the specifications for the decent "greater city" of the future?

1. First of all, our cities as physical structures need replanning. So many building lots per acre, so many acres per block, so much frontage on the street, access to public transportation, and so on—these were the rules which bound us. The laws of the Medes and the Persians were no more compelling than the customs under which we laid out our cities. Our cities need replanning, and in many cases we will have to forget that we have streets and alleys and begin with fresh drafting paper and fresh ideas. Particularly is this true of the close-in, blighted areas which now are good for nothing except slums. These areas cost the public dearly in delinquency, crime, disease, dirt, and sordid citizenship. To those who say this cannot be done without subsidy we have only to answer that such areas are now heavily subsidized. Whether rebuilt or not, the public must now pay the bills. And if we must pay the bills let us have decency for our expenditure. What Napoleon did with field guns in the heart of Paris we can do by less extraordinary procedures.

Replanning will mean that all of our conceptions about the values of congestion need reconsideration. Mobile rather than transportation in fixed grooves will give the clue to this reconsideration. Subways and elevated structures which were to relieve congestion succeeded only in making it intolerable. The high building which was to give us convenience has proved a delusion and a costly experiment. No student of this problem and few hard-boiled investors but will agree that we would have had better cities had we planned them horizontally rather than vertically. Once, many centuries ago, we tried to reach Heaven by building a structure. The Tower of Babel was the result. To that old confusion of tongues which was the result of that first skyscraper we have added "confusion worse confounded."

Our replanning must take place under modern building codes and zoning laws, with our minds and hearts dedicated to the welfare of those who will live under municipal conditions. The demands for light and air, recreation and healthful living, decency, privacy, and the development of personality, must first be met. We may even find that such development will be a profitable enterprise in the long run. Perhaps we have been trying to take our profits too quickly—perchance in one short lifetime. It is high time to realize that cities must be built for the centuries and not for one generation. We have been building structures rather than cities. In building the bridge or the building we have as a matter of course calculated the stresses and strains which they will have to meet. Not so with our cities. The child building with blocks has taken more pains with his problem.

2. Our municipal political structure needs overhauling. Had we intentionally undertaken to have planned a governing system for our urban areas which would provide the maximum amount of confusion and intricacy—a system impossible to administer simply and effectively—we could not have produced anything so labyrinthian as what we have. It is clear that there is little chance to develop a sane urban civilization in this country unless we are willing to do a thorough job of accommodating public administration to the social and economic needs of these great city populations. Many of our most cherished and widely held ideas will have to go on the dissecting table during this process. But we have come to the time when such an operation is essential to the life of the patient. Such an undertaking will require, furthermore, some radical rearrangements in our federal-state-city relationships, particularly in the fields of function and taxation. The problems of metropolitan areas and regionalism hardly need mention to this audience.

OUR ECONOMIC SYSTEM

3. The greater city depends in some large degree upon the kind of economic structure which we are in process of building. Never in the history of our cities has their very existence been so challenged as in the last decade. While it is true that we have had little or no actual starvation, it remains a fact that a considerable proportion of our city populations have lost all sense of security and all hope of opportunity. Both of these are essential elements of the American dream, and we cannot retain our believed-in spiritual America when such values are gone. The impact of this depression experience has levied a heavy toll upon the morale of our citizenship. To be without hope is impossible. Popular government cannot continue if faith is lost. And such qualities depend in some large degree upon economic and social security. We have had them in America because until recent years the enterprising and willing individual could make his way and provide for his family. This was true even after the frontier days were over because we had new frontiers in industry and business available.

The machine has changed much of this. Meanwhile, we have not adjusted ourselves mentally or spiritually to our changed economy. From a day when *all had,* we have been transplanted to a day when we are divided into those who have and those who have not. Meanwhile, we have more resources than ever and more man power to create. But we have killed the creative spirit by specialized work and automatic machinery. The answer to our situation is obvious. Changes have to be brought about gradually and steadily, and we all hope by peaceful means, which will recreate the old American spirit in terms of a new economic situation. We cannot have a great citizenship until all are so situated that the attention of each is pitched at a level above the struggle for mere subsistence and a satisfying of animal wants.

The system of slavery always supplied such a minimum. But we did away with it because we believed in individual freedom and opportunity. Just so we must be about changing the condition of the millions who now threaten the soundness of American life because, through no fault of their own, they can play no part in our economic and social structure. Relief, no matter how generous, is no answer to this problem. Each must be a part of some enterprise and be allowed to develop a constructive life for himself.

Any re-designed economic structure

(Continued on Page 666)

Uncle Sam or Boss Sam

Need the abolition of "ragged" individualism involve the abandonment of rugged individualism by local governments?

HAROLD S. BUTTENHEIM *Editor, The American City*

In the sixth year of a depression, what attitude ought our titular Uncle Sam assume towards his thousands of nephews who comprise the city fathers throughout the land? Can he best serve the nation's municipalities by abdicating as Uncle and enthroning himself as Boss?

More specifically, is it the highest duty of Congress or of a federal administrator so to control from Washington expenditures for local public works that graft and inefficiency will be minimized? Or ought he so to decentralize and facilitate such spending, under reasonable standards and safeguards, that local initiative can function and widespread employment speedily result? In brief, is it more important to prevent a thousand men from stealing or wasting than to prevent a million men from starving or begging?

I propound these queries at the outset because they raise questions quite fundamental to the problem of the inter-relationships of municipalities and the federal government. To discuss this subject intelligently, consideration must be given not only to present conditions but to current trends. Among the most dangerous of the latter, in my opinion, is the trend towards assumption in Washington not only of centralization of power but of a monopoly of wisdom and virtue.

As I suggested in my talk for the League of Virginia Municipalities at the Institute of Public Affairs, in Charlottesville last July, the abolition of ragged individualism need not involve the total abandonment of rugged individualism by our municipal governments. As we now enter, however, a sixth year of abnormal unemployment, the long-continued fear of raggedness threatens the ruggedness of our thinking on public problems. As a result some of the best possibilities of the new deal are in peril of being forgotten. Many local officials, indeed, have become so frightened that they seem willing to leave to Washington not only the fixing of the rules of the game, but the shuffling and dealing of the deck, and the playing of the honor cards as well.

That local officials must look to the borrowing and taxing powers of the federal government as essential and major factors in the relief of distress and the restoration of prosperity, is now too evident to need documentary proof. But that, in the apportioning and spending of federal funds for local public works, there has been too much centralization of authority in Washington seems certain also. Some PWA figures are worth citing.

On June 16, 1933, the National Industrial Recovery Act was signed by the President. It made available $3,300,000,000 for public works and housing. To this fund an additional

$400,000,000 was allocated by the President out of appropriations made by the 1934 Congress.

The main purpose of Congress in appropriating these huge sums was, of course, the relief of unemployment and the restoration of prosperity. Disbursement of funds for federal projects proceeded with reasonable speed; but for other projects the actual disbursements have thus far been distressingly small. Up to November 12, 1934, (nearly seventeen months after the 1933 act was signed) the record shows only $4,759,675 paid out for housing and $240,072,846 for some four thousand non-federal projects other than housing. Definite allotments not yet disbursed include $118,419,100 for housing projects and $747,048,737 for non-federal projects other than housing; the balance of the $3,700,000,000 being accounted for by federal projects other than housing of which more than $1,410,000,000 has been disbursed and about $1,150,000,000 definitely allotted.[1]

In assuming a critical attitude towards this failure to give prompt and effective stimulus to employment in the local construction and building material industries, which was one of the primary purposes of the National Industrial Recovery Act, it can hardly be necessary for me to assure the present audience of my hearty accord with many of the standards set up in Washington to safeguard the proper planning, honest financing, and sound construction of federal-aid public works and housing developments. But a serious mistake needing prompt correction is the assumption that, having adopted these standards, the staff of the PWA in Washington, or ultimately the administrator himself, must approve the details of every local project. As I suggested in my opening queries, the time has come to ask ourselves whether waste is really more iniquitous than want. And another question which needs to be asked—and answered, I believe, in the negative—is whether an emergency, even as serious as the present one, is justification for centralizing in Washington a degree of control over municipal affairs which is wholly alien to our principles of home rule and local responsibility.

II

Here, again, let me not be misunderstood. I have long been an advocate of effective leadership by the federal government, not as a bureaucratic overlord, but through its facilities for making available, to municipal and county governments, information and inspiration for efficient and progressive local administration. This may be illustrated by quoting from a 1934 book, "City Government in the United States", by Charles M Kneier, Associate Professor of Political Science of the University of Illinois. In a chapter discussing the relation of the national government to the cities, the author says:

"The development of federal activities which are of interest to and affect cities has been largely a recent one. This is illustrated quite forcibly by a comparison of a letter of Secretary of Commerce and Labor Nagel, written in 1912 in response to a request from *The American City* for a statement concerning the relations of his department with cities, with that of Secretary of Commerce Hoover in reply to a similar request in 1927. While the work and publications of the Census Bureau were about the only activities which Mr. Nagel could list in 1912 as of primary interest to cities, the statement of Mr.

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[1] Among the major items of the non-federal disbursements and allotments are nearly $200,000,000 to railroad companies; while the federal disbursements and allotments include $400,000,000 each to the Civil Works Administration and the Federal Aid Road System, and more than $277,000,000 to the Navy Department, mostly for the construction of naval vessels.

Hoover made in 1927, enumerating the activities of his department in this field, indicated that it was approaching the status of a federal bureau of municipalities."

Professor Kneier's comment recalls the fact that back in 1912, through articles in various periodicals, it was suggested that there be established in Washington a federal bureau of municipalities, which would render to the cities, towns, and villages of America a service somewhat analogous to that performed for the rural sections by the Department of Agriculture.

The proposal came to the attention of Woodrow Wilson, then Governor of New Jersey and a candidate for the presidency. In a letter to the editor of *The American City,* dated August 22, 1912, Mr. Wilson wrote: "The suggestion interests me very much indeed, and should I be elected to the presidency, I shall wish to have an opportunity to discuss it very seriously indeed with those interested."

Governor Wilson became President Wilson; but the World War came along and the proposal had to give way to other problems of more immediate and serious urgency.

In *The American City* for November 1927 the outline by then Secretary Hoover of the services to municipalities being rendered by the Department of Commerce, was followed by an editorial note in which it was stated that: "It is the hope of *The American City* that under the next federal administration the idea [of 1912] may be revived. In that event, the significant and increasing service to our local governments and civic organizations, under the leadership of the present secretary of commerce, may well point the way to the wider coöperation which could be given if Congress were to create, with adequate funds, a federal bureau of municipalities."

III

If *The American City* were to express an editorial opinion today as to the advisability of establishing in Washington a federal bureau of municipalities, cognizance would be taken of the exceedingly valuable services to local governments now being rendered in Chicago under the aegis of the Public Administration Clearing House and the Public Administration Service. Here we have, working in effective coördination, thirteen national organizations. To list them in alphabetical order:

American Legislators' Association
American Municipal Association
American Public Welfare Association
American Society of Municipal Engineers
Bureau of Public Personnel Administration
Governmental Research Association
International Association of Public Works Officials
International City Managers' Association
League of State Governments
Municipal Finance Officers' Association
National Association of Housing Officials
National Association of Tax Assessors
United States Conference of Mayors

As long as adequate foundation and membership support can be secured for such organized efforts for improving state and local governmental standards throughout the United States, certain of the functions previously proposed for a federal bureau of municipalities will be better performed than would be possible as a governmental activity. Indeed, the continuation and enlargement of the work now being done by the Public Administration Clearing House and the strengthening of non-federal organizations in the various fields of public administration may prove to be a much needed means of preventing too great centralization and bureaucratic control in Washington.

It is to be hoped, however, that while other urgent problems of the new deal are being solved, the federal administration will not overlook the substantial aid which it might render to local governmental units throughout the United States through a fact-finding and coördinating bureau of local government. Many statistical and factual data of great public value are obtainable by the Bureau of the Census and other federal agencies, which local officials or citizens' organizations could not otherwise secure.

There is need also, in the interest both of economy and of efficiency, for coördinating more effectively the municipal aids available from Uncle Sam and for making them better known. It is still true, as when Paul V. Betters wrote his monograph on "Federal Services to Municipal Governments" in 1931, that "many of the most important federal services to cities are located in unsuspected places, are rendered by agencies whose titles afford little indication of their municipal functions, or are under the jurisdiction of bureaus in a number of different departments."

The Public Health Service, for example, continues to function as a bureau of the Treasury Department, though at least six of its ten major functions have to do in some way with municipal health administration. These include a wide range of research activities, studies of special health problems in coöperation with cities, the conduct of health administration, sanitary and milk-sanitation surveys for cities, assistance in the prevention and suppression of epidemic diseases, and general information and publication services.

"Local health officers also depend," as Mr. Betters pointed out, "on such aids as the vital statistics compiled by the Bureau of the Census and the services rendered by several bureaus of the Department of Agriculture.

"Reference should be made, also, to the publications of the Children's Bureau of the Department of Labor on prenatal care, infant care, and the care of children."

Several years prior to the publication of the Betters monograph, *The Municipal Index* had been publishing lists, furnished to it by federal officials, of the information and services available for municipalities and civic organizations from the various bureaus of the departments in Washington. The last such compilation, made in 1926, had for the Department of Agriculture, 47 entries; Department of Commerce, 52 entries; Department of the Interior, 18 entries; Department of Justice, 2 entries; Department of Labor, 10 entries; Department of the Treasury, 24 entries; Department of War, 22 entries.

If these lists were now to be revised, there would be few, if any, deletions, and there would be, of course, many additions to cover the activities of the alphabetical agencies which have sprung, more or less full grown, from the fertile heads of the new deal. Without Uncle Sam becoming Boss Sam, he could establish a statistical and factual bureau which, if properly administered, would be of invaluable aid to the several agencies of the federal government in performing and coördinating their particular work, and which would greatly improve the work of the organizations of officials, both those centered in the Chicago group and those operating elsewhere.

IV

Intelligent consideration of relationships involves the attitude of both parties concerned. So far this discussion has had to do more with the federal government's attitude towards the municipalities than with the municipalities' attitude towards the federal government. Having criticized Uncle Sam's tendency to become Boss Sam, it may not be amiss to score the tendency of many states and municipalities to become suppliant beggars.

To restore nation-wide prosperity and to aid in avoiding future depressions, I am convinced that the public interest demands—to quote from the Tax

Policy League's statement of principles: "That achievement and maintenance of a high level of permanent prosperity be promoted by the gain in social income derivable from steadily increasing expenditures by national, state, and local governments for well planned, well timed and well administered public works and community facilities beneficial to business and to health, education, recreation and culture."

For the next few years, and perhaps permanently, the financing of the bulk of these added expenditures must be the task of the federal government. But the funds therefor will not be created in some mysterious way in Washington; they will flow into the treasury from communities all over the United States. In apportioning such funds and in controlling their expenditure, therefore, community rights cannot with justice be ignored. Nor is it in the public interest that local governments lean too heavily on the ample bosom of Uncle Sam.

As *The American City* has pointed out editorially, "notwithstanding our recognition of the urgent need for adequate federal appropriations for local public works, we are convinced that many local officials are failing to play their proper part in the campaign for national recovery. There are many efficiently managed municipalities and counties throughout the United States with ample margins of taxing or borrowing power to finance their maintenance and construction needs without federal aid. Failure of local officials to take a vigorous affirmative stand in this matter has resulted from the activities of shortsighted taxpayer groups who have become much more vocal than their more forward-looking fellow-citizens. Unless determination to render fundamental public service overcomes the fear of criticism in such cases, public properties and real estate values will continue to deteriorate—and the restoration of employment and prosperity will be further delayed."

V

Municipalities have been forced into a needlessly suppliant attitude towards the federal government in some states—and are in danger of being so forced by the 1935 legislatures in other states—through the adoption, at the behest of selfish interests, of shortsighted tax-limitation laws. If the present campaign of the National Association of Real Estate Boards should succeed, there will be foisted on the municipalities of many states drastic constitutional or statutory limitations on real estate taxation.[2] If such tax limitations were restricted to buildings and other improvements, and if the municipalities were left free to tax for public purposes the community-created land values, the results would be beneficial. But for local governments to ask federal aid in the financing of public works which will increase or stabilize land values, and then to acquiesce in legislation which will divert such values into private profits, is a procedure so inequitable as to demand that it be checked by federal action.

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[2] The news service of the National Association of Real Estate Boards issued to newspapers for publication on October 27, 1934, a release of which the first paragraphs read:

"A total of 35 states now have on a definite campaign upon one or more points of the six-point program for real estate tax relief adopted by the National Association of Real Estate Boards in January, 1933, according to a report placed before the association's board of directors at their quarterly meeting in Chicago (meeting to be held October 26 and 27). The report is from the National Committee on Local and State Taxation, which now has approximately 550 members, representing some 400 cities in 45 states, each a designated local center of information on tax relief measures.

"Of the 35 states, 16 have taken as a central point of their campaign a proposal for a constitutional or statutory over-all limitation upon the total rate leviable on general property; 17 take other points of the program. Over-all limitation is urged by the association as a forcing measure for widening the tax base.

"Seven states already have an over-all limitation. Of these, six now have active campaigns in progress for the spreading of school costs to a wider base. The association urges that school costs be transferred in greater measure from the local governments to the state, since the state may effectively levy on forms of wealth which cannot be reached by local governmental units."

There is excellent precedent for such action in the fact that Congress last June, in appropriating funds for federal-aid highways, put itself on record as opposed to the diversion of gasoline taxes and motor fees to other than highway purposes. As outlined editorially in *Engineering News-Record* in June 1934: "Congress has gone on record in this act as believing that 'it is unjust to tax motor-vehicle transportation unless the proceeds of such taxation are applied to the construction, improvement, or maintenance of highways.' Then, to give concrete form to this view, it provides that after June 30, 1935, 'federal aid for highway construction shall be extended only to those states that use at least the amounts now provided by law for such purposes in each state from state motor-vehicle registration fees, licenses, gasoline taxes, and other special taxes on motor-vehicle operators and owners . . . . provided that this shall not operate to deprive any state of more than one-third of the amount to which it would be entitled.' Thus, in plain language the states are told that Congress opposes diversion of gas taxes from highway purposes and that they have one year in which to eliminate existing diversions that are not clearly within the limits set by state law. Further, by tying the provisions of this act to provisions of existing state laws, states are kept from legalizing existing diversions or from making larger diversions possible by new laws."

Similarly, my present suggestion is that the next public works appropriations act might well include a section wherein Congress would enunciate the principle that, in allocating future loans and grants for local public works or housing, preference shall be given to states which do not deliberately curtail their ability to recover, through taxation, the added values created by governmental expenditures.

VI

Throughout American history the land racket has been one of the most pernicious of the methods by which private speculation has absorbed or destroyed public benefits. Realizing that fact, I have great admiration for the vigorous attempts of Secretary Ickes to prevent the mulcting of the federal treasury by land sharks. But our more immediate problem is to transfer some millions of families from relief rolls to pay-rolls. How best to do this with maximum speed and public benefit, and with minimum interference with the proper functions and responsibilities of local officials—this is today's great challenge to those concerned with relationships between municipalities and the federal government. An essential, in my opinion, is the declaration by Congress or by executive action of certain broad, fundamental principles, and the retention by the states and municipalities of the largest possible measure of local initiative and responsibility. Local governments need in Washington a coöperative Uncle Sam, and not a dictatorial Boss Sam.

Solution of our political problems will thus be facilitated. And for solution of our economic problems the wisest course, I am convinced, is to be found not in the curtailment of either private or public production, but in a just and scientifically coördinated system of public finance and taxation which will stimulate wise and liberal spending—by national, state, and local governments—for the advancement of the general welfare to standards higher than the world has ever known.

Editor's Note. Address delivered at the National Conference on Government, Pittsburgh, November 27, 1934.

Selling Public Enterprise To the Public

The public relations policies of public commercial undertakings found inadequate to keep consumer satisfied

MARSHALL E. DIMOCK

University of Chicago

THE most neglected aspect of public administration is salesmanship—what is usually called, in the broader sense, public relations. In recent times, however, governing officials have begun to learn that efficiency and good service alone will not suffice—the public must be made to appreciate what it is getting.[1] This consideration is particularly true in the case of economic services operated either directly by the government or by a quasi-governmental agency such as the British Broadcasting Corporation or the Tennessee Valley Authority. The new emphasis on public relations in government generally is attributable, in large part, to what has been learned from the administration of government-operated commercial services. When there is competition between various forms of enterprise, when the customer can "take it or leave it", when the demand is elastic, and when price is an important element in the volume of business, the managing officials soon learn to give special attention to the desires and the attitudes of the customers.

Improvement of public relations methods is quite clearly the greatest existing challenge to public commercial enterprises. In the past government-operated or controlled services either have not been permitted to spend funds in an effort to influence public attitudes or else they have not sufficiently recognized the necessity of public relations activities. On investigation it is usually found that most publicly operated services are far more efficient than even interested parties suspect. Illustrative of the general situation is the experience of an industrial psychologist who investigated the business efficiency of a state-operated telephone and telegraph system and who compared the results with those of comparable private undertakings. Said this expert at the end of the survey, "Business houses ought to follow the example of the post office in its methods and the post office ought to follow the example of business houses in making the best of itself." The writer then went on to explain that whereas in important respects the administration of the British telephone and telegraph system was more efficient than that of any private business which might be mentioned, the state-operated services failed to give sufficient attention to salesmanship and to consumer attitudes.

The source of the old idea with respect to the customer policies of public commercial undertakings is not difficult to locate. Government was not supposed to go into business and when it did, for one reason or another it was not permitted to "make the best of itself". Advertising, educational releases, employment of trained public relations officials were all taboo. The experience of the British Post Office prior to the last four or five years is more or less typical of this early attitude toward publicly operated undertakings. The restrictions which were imposed upon the business freedom of this state-operated service are revealed in the advice given to post office officials by the treasury in 1883. The postmaster general had proposed that the telephone service should be popularized and that funds should be made available for that purpose. The treasury, stated the official memorandum, objects "to anything in the nature of solicitation and above all personal solicitation." The post office must be content to bring its offers "fairly within the knowledge of the public" and thereafter to wait for the public's demands. What a difference there is today![2]

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[1] See, for example, the challenge presented by Sir Stephen G. Tallents and Harold Whitehead, "Salesmanship in the Public Service: Scope and Technique", (1933) *Public Administration,* XI, 259-276.

A great deal of variety exists in the relative emphasis adopted and in the publicity methods pursued by state-sponsored economic services. These differences are probably explained by the lack of adequate knowledge concerning public relations techniques, by local restrictions imposed upon the officials, by the requirements of the particular service, and by the predilections of the individual in charge of publicity. Generally speaking, public relations policies may be said to be either defensive or persuasive. The principal defensive activities are the handling of complaints and the issuance of statements and editorials in response to outside criticisms. Among the positive policies of obtaining and holding good will are advertising, staff training in public relations, the preparation of officially inspired educational releases and the establishment of personal relationships with other publicity and propaganda agencies. These diverse methods of carrying on public relations activities are found in one or more of the public economic services with which the writer is familiar. The policies and methods adopted by some of the outstanding public commercial undertakings may be seen in the publicity and informational programs of the British Post Office, the Central Electricity Board, the British Broadcasting Corporation, the United States owned Panama Railroad Company, the Tennessee Valley Authority, and the Los Angeles Department of Water and Power. The last mentioned service is the only one that employs all of the public relations methods which have been referred to above.

CONSUMER COMPLAINTS AND PUBLIC CRITICISMS

In approaching what has been characterized as the defensive techniques of public bodies, an important difference between the handling of consumer complaints and of public criticisms needs to be noted. In the first place, it will be recognized that not all of the agencies which have been mentioned above have to deal with the complaints of individual consumers. This is true of the Central Electricity Board, for example, which merely produces and transmits electricity over a national grid and thereafter sells it to distributors, and it is also true of the Tennessee Valley Authority at the present time at least, although when the TVA actually begins to sell power and to enter into relationships with individuals and firms it will probably have to give more attention to the complaints of consumers. It is also true that the Panama Railroad Company, which operates retail stores, hotels, and various other commercial services on the Isthmus of Panama, does not have special officials giving their whole time to consumer complaints; but this is undoubtedly an oversight which should be rectified.[3] The other public undertakings which have been mentioned, namely the British Post Office, the British Broadcasting Corporation, and the Los Angeles Department of Water and Power, have created special agencies with which to deal with the criticisms and complaints of individual customers.

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[2] Cf. Marshall E. Dimock, "British Public Utilities and National Development," London, 1933, p. 141 ff.; see also Harold Whitehead, *op. cit.*, p. 270 ff.

In all of the organizations which have been mentioned, general criticisms which appear in the press, over the radio, and in various other places are given attention by the several administrations. These criticisms which are current in public discussion may be dealt with by the special official who is entrusted with the handling of consumer complaints, but in every organization it may be taken for granted that the head of the service will also give a great deal of attention to adverse and constructive criticisms. One of the principal functions of a chief executive is to keep his ear to the ground. Needless to say, the head of a service must delegate the responsibility of detecting, organizing, and evaluating public criticisms prior to his dealing with them personally. This responsibility is usually devolved upon the subordinate in charge of public relations, upon the head of the particular department or service affected, or upon a special assistant in the executive's own office.

Action upon specific complaints of consumers may be, and frequently is, taken by the head of the operating service rather than by the publicity and public relations bureau at headquarters. This is true, for example, in the British Post Office where complaints from consumers are received by special officers in the postal, telegraph, and telephone branches. Serious criticisms receive the personal attention of the head of the particular service. Experience everywhere proves that prompt, intelligent, and courteous attention to the complaints of consumers will go a very long way in maintaining the satisfaction and good will of the public. A division of responsibility according to which complaints are handled primarily by the head of the technical service and general criticisms are considered by the public relations bureau seems to be a sound one. However, there should be close coöperation between the officials handling consumer complaints and those in charge of publicity and public relations, as the experience of the British Post Office, for example, clearly shows.

ADVERTISING POLICIES

A constructive method of overcoming complaints and criticisms, particularly general ones of long standing, is by means of intelligent advertising. On the part of most public bodies there has long been a prejudice against commercial advertising because it is thought to be raucous, undignified, and unreliable in many cases. However, it should be recognized that advertising is merely a general term for a wide variety of emphases and purposes.[4] It is true that the object of most commercial advertising is merely to create a demand, but it may also be used as a reliable, educational medium to overcome prejudices and misunderstandings and to emphasize the ability, the good service, and the aggressiveness of the organization. It is in connection with these latter purposes that advertising, as broadly construed, is particularly necessary in the case of publicly operated enterprises. If the publicity program of a public undertaking is intelligently handled, it can be educational and dignified. Since 1930, for example, the British Post Office has become one of the largest advertisers in Great Britain and has particularly emphasized the uses and conveniences of the telephone. Exhibits have been set up in prominent downtown locations and full page advertisements showing the technical and aesthetic developments in the telephone industry have been printed. The results have been that the usefulness of the telephone has become much more generally understood, the installations and net volume of business have increased even during depression, and the attitude of the public toward the post office as a whole has improved.

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[3] This question is considered in the writer's recent book entitled "Government-Operated Enterprises in the Panama Canal Zone." University of Chicago Press, 1934.

[4] Harold Whitehead, *op. cit.*, pp. 267-269.

Not only can advertising be used as a medium of disseminating reliable information, but it is particularly important for public bodies in overcoming unfounded prejudices and time-worn misunderstandings. Because of the prejudices which have been built up in most countries against governmental operation of economic services, it is particularly imperative to wage a counter-offensive in the form of general enlightenment and appreciation—this means skillful publicity, emphasizing the aspects of administration in which government services are allegedly weak, namely, efficiency, promptness, and interest in the consumer. It will be admitted, without argument, that this type of publicity is far more difficult to prepare and to disseminate successfully than is the mere advertising of the particular product, but it is far more valuable and its effects are far more pervasive and permanent. An example of what can be done in this direction is found in the recent publicity methods of certain British railroads. They have run full page advertisements, printing the photographs of various heads of administrative divisions dealing with services which are particularly designed to take care of the convenience and needs of the public. Below these photographs there have appeared statements emphasizing the service motif, the progressiveness, and the responsiveness to consumer needs of the administration as a whole. It is true that this type of publicity, if overdone, might be made ludicrous, but when effectively handled, as it has been in the cases referred to, it is a very powerful instrument in the establishment of friendly relationships with the general public.

STAFF TRAINING FOR PUBLIC RELATIONS

One of the most important and permanent methods of solving the problem of public relations with citizen-consumers is by giving more attention than has been done in the past to the special training of public employees in dealing with customers. This is one of the foremost tasks of public administration. It is an oft repeated statement that the average citizen forms his opinion of governmental administration by the competence and courtesy of the window clerks and officials with whom he comes into contact at the post office or at the city hall. This being the case, it should appear in theory, and it has been proved in practice, that these employees should be given a special training in meeting the public, just as the sales people in the largest and most successful commercial establishments almost invariably are. Three or four years ago, the British Post Office employed a firm of public relations consultants, who, among other things, gave counter clerks and other employees who deal with the public special training in public relations methods. This instruction involved such rudimentary things as voice training, politeness, and how to deal with nervous and unreasonable people. This investment has already begun to bear rich fruits in the form of a better attitude and greater appreciation on the part of the public as a whole. It is a well-known fact that department stores and other large establishments teach young clerks an improved method of saying "thank you", and public commercial undertakings can afford to do no less.

The training of public employees in consumer relationships might be made part of a general program of training, but on the other hand there is much to be said in favor of special instruction by an outside firm of specialists, as the British Post Office has provided. It is not an exaggeration to say that in case public commercial undertakings can approximate the public relations techniques of the best private establishments, the greatest existing weakness of public commercial administration will have been overcome. The employment of experts in public relations is a cheap price to pay for this accomplishment.

OFFICIAL RELEASES OF PUBLICITY

It must have occurred to every public relations expert at one time or another that if he could only control the stories that are written and the information which is circulated by other channels of publicity, he need have no fear of adverse criticisms relative to his own undertaking. Even though most publicity men probably would not aim so high, almost no one would wholly overlook the desirability of preparing press releases and syndicated articles for wide circulation. Of the public commercial undertakings which are under review, the Central Electricity Board is the one which has made the most extensive use of this method of influencing public opinion. Having access to all of the facts relative to the development of the grid and having in its employ some of the best publicity and public relations men in the industry, this quasi-governmental establishment is able to produce reams of newspaper articles with which the press of the country is virtually flooded. Probably as high as ninety per cent of all of the articles and editorials which appear in the British press relative to the national electricity development are written, so far as content or actual wording is concerned, in the public relations department of the Central Electricity Board. It is not too much to say that because of the effectiveness with which the publicity work of the Central Electricity Board is carried on adverse criticism is virtually impossible.

Among most public relations directors with whom one talks, there is a great deal of misgiving relative to an ambitious effort to control what is written and said about the particular service. Their statement usually is that such high handed methods are openly resented by the journalistic profession and that in the long run the reaction against the virtual monopoly of press releases will react unfavorably, as a strong force, against the organization.

A variation of the same theme is an arrangement whereby the public relations director is enabled to gain wide circulation and a virtual monopoly of his press releases by means of distributing them to interested organizations. This form of collaboration, for example, is seen in the publicity and educational efforts of the Central Electricity Board acting in coöperation with the trade association of the organized electrical manufacturers. By using this circuitous method, the net effectiveness is the same and at the same time the complete onus for the advertising and propaganda does not rest upon the quasi-governmental agency.

Another illustration of the uses to which interested groups may be put by public commercial undertakings is found in the public relations activities of the Los Angeles Department of Water and Power. This municipally owned enterprise, the largest of its kind in the United States, not only maintains a full-fledged publicity and educational division and not only publishes large numbers of pamphlets, descriptive stories, and informational tracts relative to the department of water and power, but in defending itself against its adversaries and in arousing interest and support among the citizens, it makes very important and constant use of an organized Citizens' Defense League. This organization, although an unofficial one, works in close coöperation with the director of public relations of the department of water and power. Its membership is composed of public spirited individuals who are interested in protecting municipally owned services and in extending their efficiency and prestige. When information comes to the department of water and power or when controversial issues must be dealt with, and it is not considered desirable for the administration to deal with them personally, the Citizens' Defense League frequently can render valiant service in the department's behalf.

OPINION-FORMING CHANNELS

One school of thought relative to public relations favors almost exclusive reliance upon the personal contacts between the director of publicity and individuals in the field of journalism, radio, and other opinion-forming agencies. This method has been used with outstanding success, particularly by the British Broadcasting Corporation and by the Tennessee Valley Authority. In both of these cases the directors of public relations rely almost exclusively upon this method of learning what the public thinks and of keeping the public informed and contented. In both cases the director of public relations is a former newspaper man, who has a wide circle of acquaintances among journalists, radio broadcasters, and men in public life. When this type of public relations technique is adopted, the all-important consideration is for the publicity director to remain "one of the boys". By rubbing shoulders with newspaper reporters, he finds out what the attitude of the newspaper is, what various segments of the public believe, and what the newspapers want in the way of new stories. By this type of personal relationship, criticisms which appear in the press editorially can be immediately taken up with the editor, when frequently a friendly conference is all that is necessary to clear up the outstanding difference. Not only is this method a means of obtaining support on the part of influential newspapers but it is an important means of informing the administration of policies or practices which are open to criticism. This aspect of the method under consideration is obviously of very great importance. For example, the director of publicity of the Tennessee Valley Authority makes it a practice to collect all criticisms, both adverse and favorable, each week and to circulate them among the higher officials of the authority in the form of a weekly circular. It has been found that this method of keeping in touch with official and unofficial criticisms is one of the most important methods of improving administration and of holding the support of the various governmental units and the press.

CONCLUSION

If greater attention to the attitudes and desires of the consuming public is the greatest outstanding need of public commercial undertakings, it would appear that every such organization should have a specially trained official dealing with these matters. Furthermore, it is important that the variety of methods employed by public as well as by private commercial undertakings should be thoroughly understood as a means of broadening and improving the public relations techniques of public bodies.

A very important aspect of improved public relations, and one that is frequently overlooked, is that greater attention should be given to the internal operation and employee attitudes of the undertaking itself. This would appear to involve more adequate attention to consumer complaints, to general outside criticisms, and to the decorum of employees in their dealings with the public.

Among the methods of distributing information, of forming public opinion, and of dealing with adverse criticisms and long-standing prejudices, we have referred to advertising, official releases of publicity, and contacts with opinion-forming channels. All of these techniques undoubtedly have their place and the emphasis which is placed upon the particular method will probably be determined by the type of enterprise in consideration and by the requirements of the given situation. It should be emphasized, however, that advertising, as broadly and culturally construed, has a very important place in the conduct of every public enterprise which has services to sell. As the writer has said before, what public commercial undertakings should attempt to do is to build upon the traditions of public service and to borrow the best methods of the business world which appear to be designed further to improve the services which they have to offer.

A GREATER CITY

(Continued from Page 653)

must develop again a new and better individualism no matter what social controls we bring to the aid of a future society. We cannot have anarchy in the industrial world and not reap its results in our social structure. If in place of anarchy we establish order and reasonable processes of coöperation, we may again create the kind of diffused prosperity which once was the symbol of our greatness.

Finally, the greater city of the future depends upon the incentives which we set up for city life. The city has always been the promoter and protector of the advances we have made in the art we call civilization. Under the machine we have a new kind of civilization in progress—one in which there can be enough for all if we so will it. What cannot a civilization of plenty produce? Certainly it is unnecessary to conceive of such a civilization in terms of numbers, size, or far-flung area. With science as its handmaiden and a people willing to accept the implications of science, it will be possible with intelligent effort to make almost any dream come true. Yes, this will require comprehensive planning in almost all of our social effort. Only by such planning will we be able to stabilize our present quivering structure and bring unity and harmony into urban life. The opportunity lies before us, for we face reality as never before. Those who see this reality should make the most of the situation. This is not only the day of the prophet, but also the day for the constructive builder of human institutions.

Rehousing the Slum Dweller Is Not Enough

Rehabilitation of the tenant as well as the building he occupies must be included in better housing plans

BEATRICE GREENFIELD ROSAHN

Housing Research Consultant

WITHIN one year's time the legislatures of eleven states[1] passed public housing laws enabling municipalities to take advantage of federal grants and loans for slum clearance and low-cost housing. Such radical action in the face of wide-spread opposition to governmental housing is indicative of the earnestness with which many communities now regard the slum problem.

Many cities have been active in the preparation of data bearing on the local housing situation. Charts and maps covering such diversified subjects as land values, population trends, vacancies, transit, crime, and others have been prepared through the aid of CWA and other emergency workers. In New York City no time was lost after passage of the state law in setting up an active municipal housing authority composed of five leaders in the housing field. These were to share the responsibility of spending to the best advantage the $25,000,000 for low-cost housing docketed for that city by the Public Works Administration. The first step was toward the establishment of a just rental, based on such inescapable factors as land value, construction costs, interest rates, and other essential items.

Few persons have questioned the importance of this preliminary investigation and planning, though many have criticized the delay in getting the "building" started. The difficult terms originally set down by the federal government regarding maximum land cost, height of buildings, coverage, etc., together with the complex realty situation already existing, make the construction of low-rental dwellings no simple achievement. Before long, however, it may be expected that actual building will commence[2] and the public housing authorities will then find themselves face to face with another side of the

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NOTE: Since this article was written the National Association of Housing Officials sponsored two conferences on housing management attended by federal housing officials, managers of model housing projects in different localities, and the European experts who studied American housing conditions during the past summer. It is to be hoped that as a result of the discussions steps will be taken to organize courses of training in the United States for managers of low-cost housing projects.

[1] New York, New Jersey, Ohio, Michigan, South Carolina, Illinois, Maryland, Delaware, Kentucky, West Virginia, and Georgia. The cities of Milwaukee, Wisconsin, and Los Angeles, California, have powers under their charters to engage in public housing.

[2] Several months ago the New York City Housing Authority selected eight blocks in Williamsburg, Brooklyn, as the site for its first project. After some delay, during which federal policy toward local housing projects was re-defined, an announcement was made that twelve blocks in this area will be developed to accommodate 2,500 families, under the joint supervision of the authority and the PWA housing division. Low-cost housing projects launched by the PWA are under way in Atlanta, Ga., Cleveland, Ohio, Chicago, Ill., Indianapolis, Ind., and Montgomery, Ala.

problem, equally important yet frequently ignored—the human side!

Unlike the average landlord, housing experts and social workers have long realized that the "slum" is the result of two things: the substandard dwelling and the ignorant or shiftless tenant. They have further realized that in order to cure or prevent the slum, both factors must be simultaneously attacked. It is not enough to change a dwelling structurally; provision must also be made for a special type of supervision. The kind of management furnished in better-class apartment houses would prove thoroughly unsatisfactory in low-rental dwellings where considerable attention must be given to the daily habits of the tenants. In housing projects where "social" management has been tried, rapid deterioration of the dwellings has been prevented and a steadier income for the owner assured. At the same time, the tenants have been benefited immeasurably.

With housing about to be launched in this country on a vast scale, past experience with the human side of the housing problem is worth consideration.

OCTAVIA HILL'S EXPERIMENT

The very first experiment in "abolishing the slum," by attempting to rehabilitate the tenant as well as the dwelling, was made by Miss Octavia Hill in London in 1864. She was launched on this career by her friend John Ruskin, to whom she confessed one day a desire to "do something to provide better homes for the poor." Asked by Ruskin if she had a "business plan" Miss Hill set about to answer the challenge and was soon (with Ruskin's financial aid) sole mistress of three dilapidated old houses in the slums of London. She succeeded within a short time in proving two things: that the slum is really bad business for property owners; and that the ignorant slum dweller can be guided and educated to an improved standard of living beneficial to himself, his family and not least of all, his landlord.

During the course of these trying labors, Miss Hill discovered a fundamental truth concerning the class of tenants with whom she came in contact. In her own words: " . . . I have learned to know that people are ashamed to abuse a place they find cared for. They will add dirt to dirt till a place is pestilential, but the more they find done for it, the more they will respect it, till at last order and cleanliness prevail . . ."

Very wisely Octavia Hill undertook to make the necessary improvements in her properties slowly, in order to develop a sense of appreciation and cooperation on the part of her tenants. It was her avowed purpose to improve the appearance and accommodations of the dwellings and at the same time reeducate the tenant, changing bad habits into good ones wherever possible. This was no small task: cleanliness, temperance, and self-respect were lacking in many of the homes; distrust of the strange woman who seemed to be prying into their lives was the common reaction. However, nothing more need be said to indicate the success of Miss Hill's undertaking than this: at the time of her death in 1912, she controlled approximately 2,000 houses and flats in London. Important as was the social side of her work, it has doubtless had lasting influence only because, from the very start, she was able to show a good return on the capital invested. This was convincing evidence that her system was sound, and she was able to obtain the continued support of London property owners.

During the active years of her life Miss Hill trained other young women in the system which she inaugurated. It was her conviction that women were especially fitted for property management among the working classes, because the housewife generally pays the rent and attends to other family problems and can be reached more easily by another woman.

The soul of the Octavia Hill system of management may be said to lie in the friendly rent-collector attitude; the two fundamental principles were, and are today: first, to demand a strict fulfillment of the tenant's duties, including the prompt payment of rent; and second, to endeavor to be so unfailingly just, patient, and helpful that the tenant learns to trust and respect the rule over them.

This system has been adopted in Amsterdam, Edinburgh, Glasgow, and other cities in Europe as well as in this country. Today, practical training for Octavia Hill work is arranged by the Society of Women Housing Estate Managers of London. Candidates receive theoretical instruction and practical training in the office of a responsible manager. Among the subjects to be learned are construction of buildings, economics, estate accounts, law of fixtures and dilapidations, sanitation as applied to houses, etc. Although no special courses are given in the social aspects of the work, persons with training in social science are considered to have special qualifications.

Certain attributes are considered especially desirable in women who train as property managers. These are breadth of outlook, judgment, tact, a sense of humour, firmness, and adaptibility.

Another successful experiment in housing management has been conducted in London by Mr. Claude Leigh, managing director of the Metropolitan Housing Corporation, Inc., of London, the largest housing enterprise for workers in the world. Ten thousand families (not of the lowest income levels, however) dwell in the houses and flats owned and managed by this corporation. The expense and effort involved in providing proper management has proven more than justified in the financial return, according to this corporation's reports.

EFFORTS IN THIS COUNTRY

Turning to the United States, a number of revealing experiments in the management of working-class homes are in operation. Perhaps the most outstanding of the early efforts has been conducted by the Octavia Hill Association of Philadelphia which was organized in 1896 to overcome the evil influence of insanitary, dilapidated, and overcrowded dwellings by enlisting the aid of citizens "well-housed themselves." To accomplish this a corporation of prominent citizens was formed, stock was issued, and work begun to "refit old properties and small houses, first of all putting in modern plumbing and, so far as possible, removing all unhealthful surroundings. In 1898 a young woman who had studied the work of Octavia Hill in London was made secretary of the organization, thus creating a "personal link across the seas."

In 1897 the association owned and managed seventeen houses. In 1933 it owned and managed as agents 421 properties housing 1,683 persons. The principles of Octavia Hill were proving as successful in America as they were in England.

In New York City, the City and Suburban Homes Company was the first "commercial landlord" (limited dividend) to adopt the Octavia Hill method of management. This company was organized in 1896 "to offer capital a safe and permanent investment and at the same time supply wage-earners homes at current rates." As early as 1903, the company employed as superintendent a woman who had been trained in London in the methods of Miss Hill. In her report to the president of the company for that year, she said:

"It is a matter of record how careful the tenants are of the property and how determined they are that it shall not run down. (The old coal-in-the-bathtub story has never been warranted in my experience.) This is encouraging in view of the fact that we make no demur at renting to families with children. . . "

Although in the early years trained women were employed to visit the individual apartments to collect rent and make suggestions to housewives, today this procedure is not followed. Instead, a central office is maintained on the premises where tenants come to pay rent and make requests for repairs.

Public recognition of the slum problem has taken various forms in other cities of the United States. In Cincinnati the Better Housing League was formed in 1916 "to carry on a campaign to educate the public as to the city's housing conditions and to develop organized public opinion for a careful, practical plan of improvement."

The distinctive feature about this league's work has been its plan of hiring trained, tactful women to serve as "visiting housekeepers" among those classes most in need of education. The work has been conducted with the coöperation of the landlord, who in turn has been required to pay a small fee for the service and to make the reasonable repairs recommended by the visiting housekeeper.

In New York City the Lavanburg Homes on the lower east side has demonstrated on a small scale the possibility of rehabilitating "typical" slum dwellers. Since its inception seven years ago the management of this model project has virtually re-educated more than a hundred families to a new mode of living. Pride of environment is apparent in the attitude of the tenants and is reflected in the appearance of the buildings. Adults and children participate in and enjoy social and recreational activities under the direction of trained workers during summer and winter.

At the Michigan Boulevard Garden Apartments in Chicago, at the coöperatively owned and managed Amalgamated Apartments in the Bronx, and at the coöperative Paul Laurence Dunbar Apartments in Harlem, to mention but a few of the outstanding ones, similar promising results have been achieved through intelligent, sympathetic management and planned recreational activities. The outstanding difference between the older experiments in "good" housing, under proper management, and the newer lies in the modern-day emphasis on facilities for play and recreation. It should be added that in some of the model projects named, families of a higher income level are accommodated than that anticipated in the new public low-cost housing developments.

With promise of federal aid for new housing and renovating schemes, the opportunity has arisen as never before in this country to tackle the slum-clearance program on a truly national scale. A welfare worker, looking toward the future, makes this pertinent observation: "Families who have been living under the very poor housing conditions in low-grade tenement houses cannot be expected to change into model tenants just as soon as they have been transferred into model houses. In developing new living quarters for them the handicaps of the future tenant group should be definitely understood and consideration should be given to meeting some of their problems by different methods of management and by organizing ways and means to help these new tenants to adjust to better ways of living."[3]

NEED OF TRAINED WORKERS

Though the need for trained and competent managers of public housing projects is already apparent, there is at present no school or college in the country where a coördinated course of training can be obtained. In anticipation of possible developments, the supervisor of a model housing project prepared a memorandum on the training of managers of low-cost housing projects[4] which outlines the subjects with which an efficient manager must be familiar. During the past year also a committee on housing management under the chairmanship of Mrs. Mary K. Simkhovitch, member of the New York Housing Authority, met upon the request of the federal government and drew up a series of recommendations covering such matters as selection of tenants, recreational activities, qualifications of managers, and others. And finally, in a recent article, "Housing Management: A New Career," Mr. Charles Ascher suggests that the new American large-scale projects will require as managers persons trained in social work and community leadership, with a knowledge of realty and politics as well.

In this country, as in England, there should be made available courses of training in housing management designed to qualify young men and women for this new type of public service.

In considering low-cost housing in general, the ultimate benefits to the community should not be overlooked. Close coöperation between women property managers and governmental departments of public health and welfare has always been encouraged in London. In this country, too, the manager of publicly-owned projects will have a unique opportunity of observing at close range the habits of tenants and noting any uncoöperative or anti-social tendencies. Where a tenant or his child gives evidence of ill health or delinquency, the manager should be authorized to communicate with that department in the government prepared to handle such a case. Coördinated activity of this kind should tend to bring under control early cases of sickness or "criminality."

If slums are ever to be eradicated entirely, the problem of the "unteachable tenant" ultimately must be faced. It may be that in time to come undesirable tenants will have to be housed as public charges in special municipal institutions similar to those maintained by the community in Amsterdam, Holland. It is obviously no solution of the slum problem to refuse admittance to the less desirable families, as has been the practice of certain model housing projects. These families must settle somewhere, and as they usually find quarters in the cheapest sections of the city, slums will again develop there. From the standpoint of crime prevention it would be more practical to house the "worst" families first and gradually work up. This, however, might entail such specialized management and supervision as to make the project an uneconomic undertaking, thereby endangering the future of public housing.

The Utopia of a city without slums may indeed be a long way off; but if we are truly to progress toward this ideal state we must prepare today, not only to re-house the present slum dweller, but also to re-educate him.

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[3] "Participation of Family Welfare Agencies in a Housing Program," by Hertha Kraus, in *The Family*, February, 1934.

[4] Prepared by Abraham Goldfeld, Lavanburg Homes, New York City.

The Story of New York In Interest Rates

Significant reflection of bad and good administration in bond market costs city's taxpayers unnecessary millions

T. DAVID ZUKERMAN

New York City

The day after the unofficial election figures showed that Comptroller Joseph D. McGoldrick of New York City had been defeated by Tammany's candidate, Frank J. Taylor, Commissioner of Public Welfare under Mayor Walker, by a plurality of 13,855, the price of New York City's bonds sank slightly. Thus did the bond market register the attitude of investors toward Tammany, as compared with the Fusion administration under Mayor LaGuardia.

The reaction of the market to the election makes of particular interest the four charts reproduced herewith, which were used by Comptroller McGoldrick during his campaign to illustrate graphically the destruction of the city's credit as a result of sixteen years of Tammany, and its partial rehabilitation by the LaGuardia administration.

The charts are in pairs, dealing respectively with long term and short term credits. Those bearing the odd numbers show the situation in terms of actual interest rates, the resultant of all the influences—both of the market and of the local financial and political situation. The second chart of each pair gives the same facts in terms of index numbers. This removes the normal (or even abnormal) market influences affecting all the lines alike; and leaves more easily discernible the adverse or favorable results of the local political and financial conditions. All are plotted on inverted scales.

LONG TERM CREDITS ANALYZED

The first chart is practically a reproduction of part of a similar chart prepared by the *Bond Buyer,* and is based on its monthly index of municipal bond prices. The eleven cities whose credit is considered first class are: Baltimore, Boston, Buffalo, Cincinnati, Kansas City, Los Angeles, Milwaukee, Minneapolis, Pittsburgh, St. Louis, and San Francisco. The line giving the average for twenty cities includes also: Chicago, Cleveland, Detroit, Jersey City, Newark, New Orleans, New York, Philadelphia and Seattle. This line is naturally influenced materially by the rise and fall of New York City's credit. Cincinnati is shown because it is considered a symbol of successful nonpartisan municipal administration. The result, during the last three hectic years, has apparently been a very high standing with investors, meriting a price yielding as much as .6 per cent less than the average for the group considered first grade—almost an eighth.

According to this index, all these cities enjoyed the same comparative credit prior to 1930. In January 1928 the average yield was 3.87 per cent. The eleven first grade cities were slightly lower, at 3.83 per cent, Cincinnati at 3.8, and New York at 3.96. The maximum spread, only .16 per cent, may be considered due, most probably, to the choice of maturities represented in the index rather than to comparative credit ratings.

As the hectic period of speculation caused a heavy demand for money, municipal bond prices fell to a low point of about 4.5 per cent on October 1, 1929, just prior to the market crash, and then rose to about 4 per cent toward the end of 1930. During the three-year period, however, the maximum spread, as shown on the chart, was not over two-tenths of one per cent. More frequently it was only two-one-hundredths or less.

EARLY ATTACKS HAD NO EFFECT

As yet the attacks on the Walker administration by its political and civic enemies had had no effect on credit. The charges of LaGuardia in the 1929 campaign had fallen flat and Walker had been re-elected by a plurality of nearly 500,000. Later came the removal of Judge Vitale and the indictment and conviction of County Judge Vause for mail frauds and perjury in connection with pier leases, the indictment and resignation of Chairman Walsh of the Board of Standards and Appeals, the investigation by Judge Seabury and Isidor Kresel into the magistrates' courts, the demand for a city-wide inquiry, and the refusal of district leaders in office to waive immunity. The public was becoming restless, convinced that much more lay beneath the surface.

In 1931 the results of the investigation into the courts became more evident in resignations and dismissals. As the sordid revelations spread over the pages of newspapers, the demand for a thorough investigation into the entire city administration became effective and a bill providing the funds was signed by Roosevelt toward the end of February. Then came Leonard Wallstein's report showing the excessive prices paid for property taken in condemnation proceedings and the futile investigation into the office of District Attorney Crain, as well as the initial stages of the Seabury investigation, leading to the disappearance of Sherwood, Walker's financial agent.

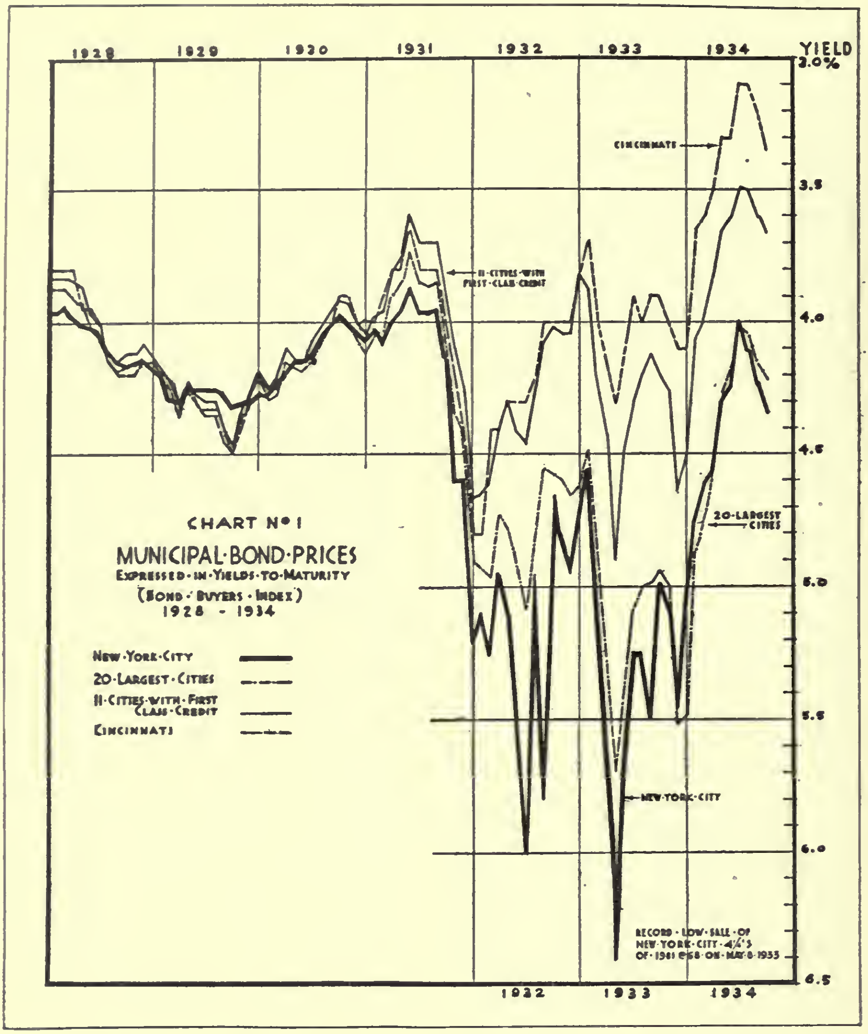
INVESTORS BECOME APPREHENSIVE

The effect was evidently to make investors apprehensive. New York City's bonds became a poor moral risk, and the spread between the yield on these bonds and the bonds of other large cities became greater. The fall in bond prices during the latter part of 1931 naturally reflected the liquidation of assets due to the deflation of values and the need for cash. Whereas, however, the yields on first grade cities were only 4.66 per cent in January, 1932, the yield on New York's bonds was 5.2 per cent.

The year 1932 showed a rise in municipal bond prices as the bottom of the depression was reached and recovery seemed to be at hand. The yield receded to slightly more than 4 per cent. The bonds of New York, however, fell to a yield of as much as 6 per cent. This was the market's appraisal of the disclosures made by Judge Seabury. As shown by the index on the second chart, the relative position of its credit became weaker and weaker. The dismissal of Sheriff Farley caused the drop of March. The results of Walker's testimony, as well as that relating to him and the filing of Seabury's charges against him to the Governor led to the extremely sharp dip of July; and his resignation to that of September. This was relatively the worst showing, with this city's bonds returning a yield of more than 42 per cent in excess of that of the cities with good credit.

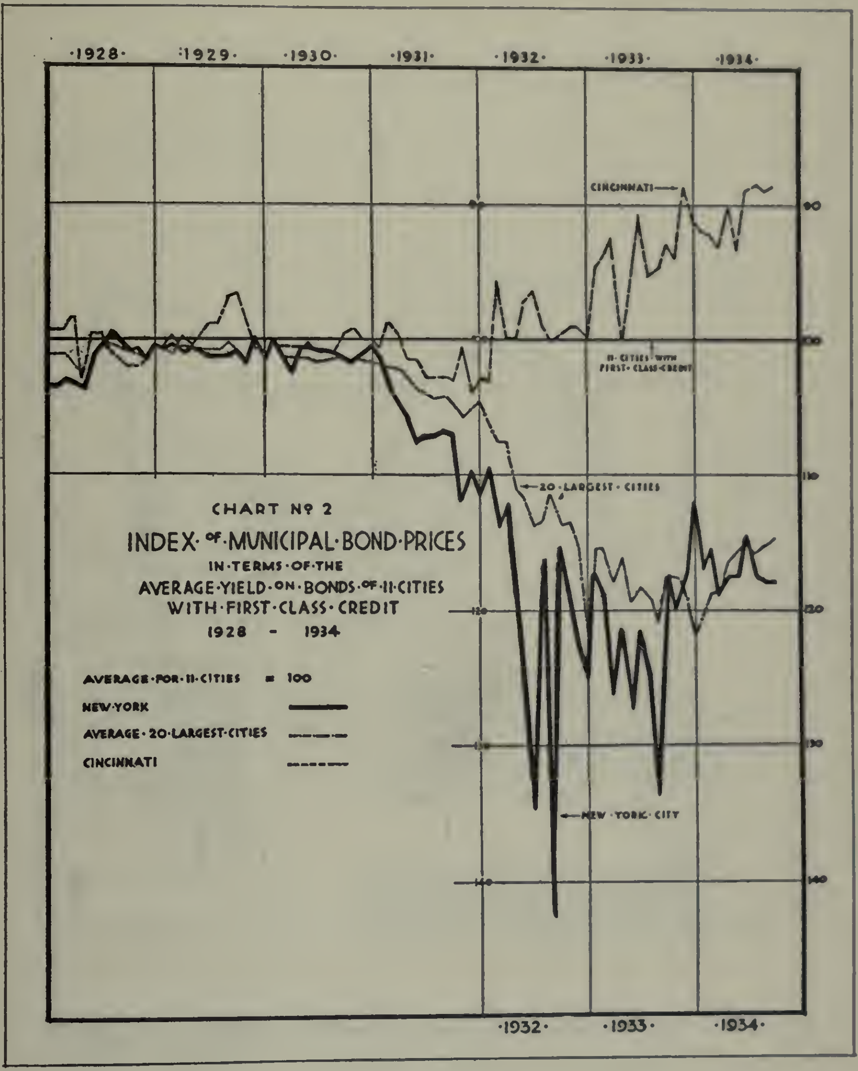
BONDS RECOVER WITH McKEE

The brief reign of McKee as acting mayor led to a marked recovery, the



effects of which, however, were partially lost when he failed to secure the nomination.

Early in 1933 the prices of all bonds suffered as the result of the bank holiday. New York, however, suffered relatively far worse than other cities. By this time it was showing its inability to meet the strain of the depression. During practically all of 1933 it had to meet crisis after crisis. During 1932 it had been necessary to rescind $156,000,000 of authorizations for capital outlays. There had been numerous special sessions of the legislature to deal with its difficulties and to devise expedients for meeting them. Time and again pay-roll default seemed imminent, and maturities of revenue bills and corporate stock notes were met only by refunding at relatively high interest rates. Finally the bankers stepped in and laid down conditions embodied in the so-called "bankers' agreement". Immediately there was a marked recovery in the price of the city's bonds, which



rose from a 5.5 per cent to a 5 per cent basis at a time when bond prices fell slightly.

The election of LaGuardia and a Fusion board of estimate and apportionment caused further improvement. Indeed, for the first time since early in 1931, the yield on New York City bonds was lower than the average yield on the bonds of the twenty cities. The recent fall in the city's standing is due to the present uncertainty regarding the tax situation for relief purposes since the mayor's insistence on a pay-as-you-go policy for meeting this problem.

SHORT TERM CREDITS ANALYZED

This part of the study presented a more difficult problem because reliable data to show the standing of the cities on the basis of their short term credits is not readily available. The markets are not so broad, for such loans are usually secured from local banks, which hold them until maturity, when they

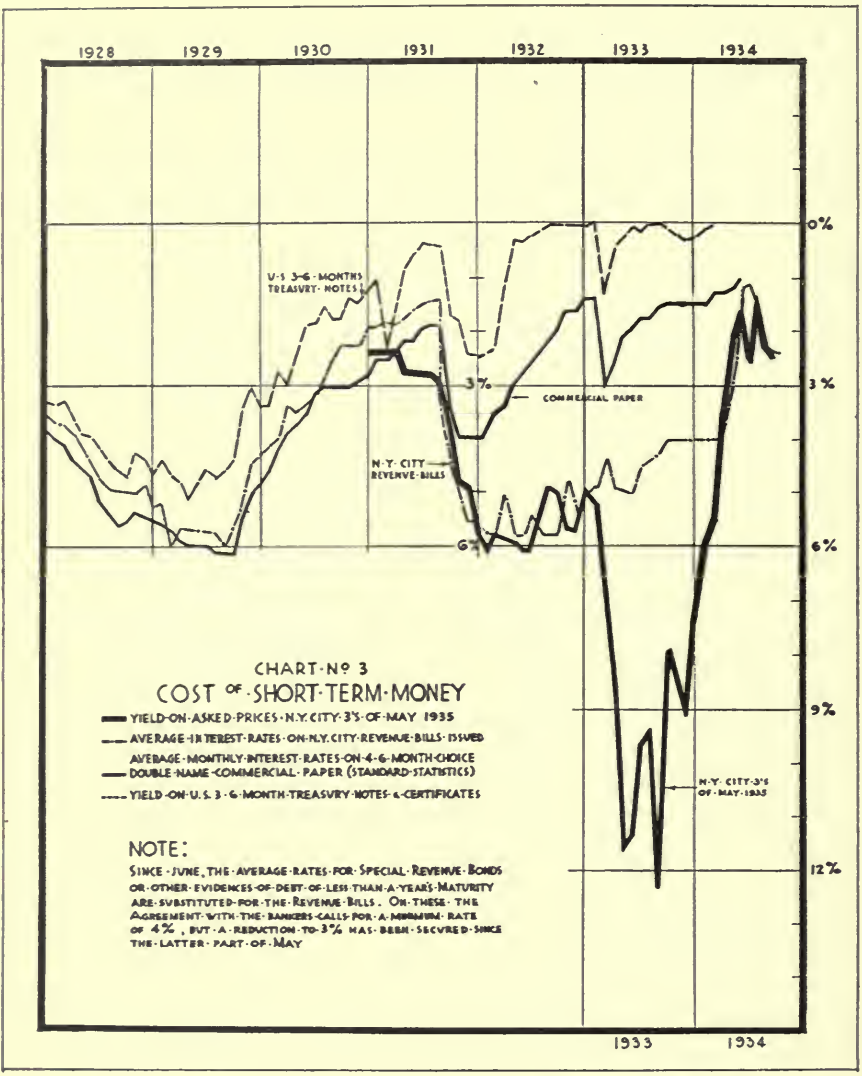


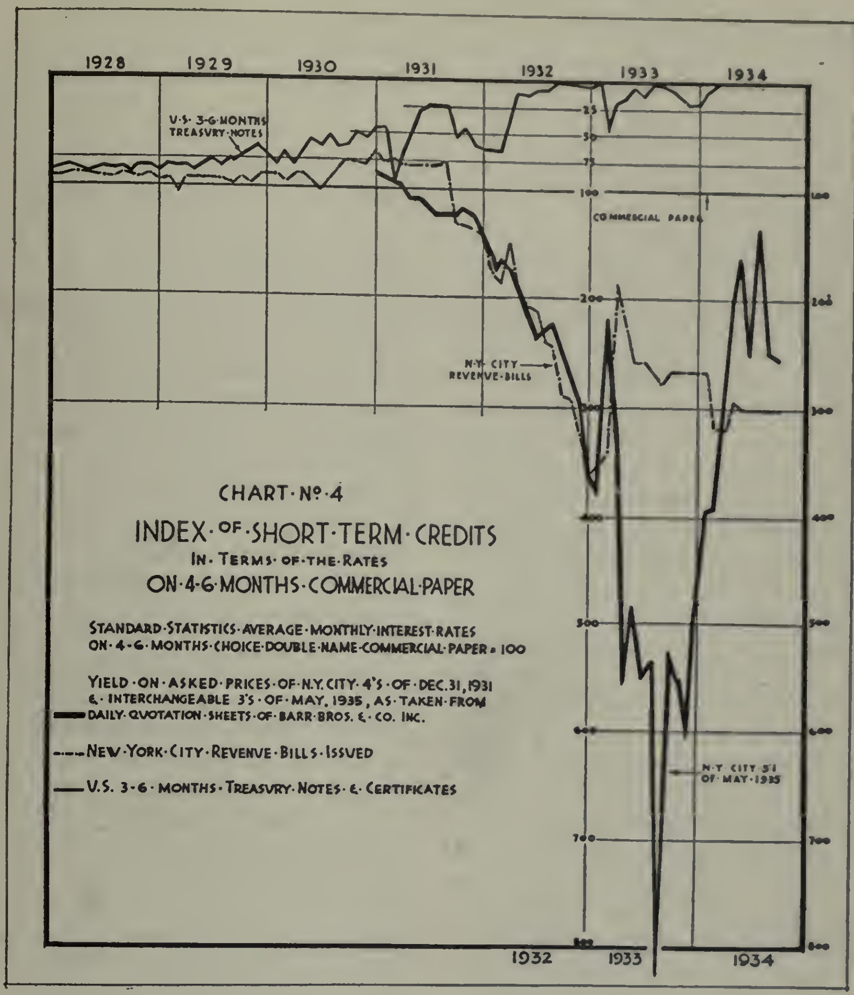
CHART No 3

COST OF SHORT-TERM MONEY

NOTE: Since June, the average rates for Special Revenue Bonds or other evidences of debt of less than a year's maturity are substituted for the Revenue Bills. On these the agreement with the bankers calls for a minimum rate of 4%, but a reduction to 3% has been secured since the latter part of May

are either retired, renewed, or refunded. The prices of early serial maturities might furnish an index, but no such data could be developed without considerable labor. It was hence necessary to devise a different yardstick.

For this purpose the Standard Statistics averages of the highest and lowest rates quoted monthly on choice double name 4-6 months commercial paper was selected as an approximate base. As a matter of fact, they are ordinarily at least 5 to 10 per cent higher than the rates which New York City had to pay normally. Indeed, for a year prior to October 31, the rates at which the city issued its revenue bills (tax anticipation notes) were a fourth to a third under the rates for such prime commercial paper. As a further check, the average yields on U. S. treasury notes and certificates of 3-6 months' duration were plotted, because, until within the last three years, the federal government was able to secure a rate only slightly lower than that paid by the city.



It must be evident that, although the effects were felt later than on long term bonds, the city's short term credits were affected even more seriously. In January of 1931, New York was able to get a rate of 1.9 per cent on its tax warrants, although rates on prime commercial paper were averaging 2.81 per cent. In October of that year, however, the city had to pay 4¼ and 4½ per cent as compared with an average of only 3.38 per cent on commercial loans. Toward the end of that year the city was paying 5½ per cent, and as high as 5¾ and 6 per cent, the legal maximum, in January. In other words, it was paying half as much again as were business men. These rates continued during practically all of 1932, although the rates on commercial paper fell to as low as 1⅜.

The reason is to be found in the city's inability to sell its long term bonds at a reasonable rate of interest. As a result its corporate stock notes, issued to finance capital outlays prior to the actual sale of the bonds, began to assume unmanageable proportions. This was in addition to the piling up of short term debt because of increasing tax delinquencies and the failure of its general revenues to meet the estimates.

Acting on special authorization of the legislature, $100,000,000 of corporate stock notes were refunded in January, 1932, at 6 per cent interest, for periods of three, four, and five years. It was then, likewise, that work on public improvements stopped.

The continued piling up of short maturities continued during 1933, at rates ranging from 4 to 5 per cent while the market for commercial paper was less than half those rates. The agreement with the bankers resulted in a reduction to 4 per cent—with commercial paper 1½. Recently Comptroller McGoldrick was able to secure a reduction to 3 per cent; whereas, on other forms of short term securities not affected by the agreement, he was able to secure rates as low as 1 per cent.

High as were the rates the city paid on its revenue bills and other similar short term securities, they show only partially the attitude of the money market to its securities—so much so that it might almost be said that the market for the city's loans was artificial. That, at least, was the situation during 1933, as is indicated by the price at which its short term serials of near maturities were selling. These came on the market in May 1932, at a yield of 2.70. They reached an average 12-1/3 per cent in September 1933, a month before the understanding with the bankers was arrived at. For about half that month, while commercial paper was bringing 1.53 per cent, it was possible to buy them on a 15.1 per cent basis, at the low price of 83½.

As these are fully tax-exempt, that yield is the equivalent of a return of 17 per cent if subject to the federal income tax alone, on a $10,000-$12,000 income. To a man with a $50,000 income they were worth almost 23 per cent taxable; and on an income of a million dollars, it would have been necessary to secure a taxable return of 46 per cent. Certainly these prices represented bankruptcy, or a belief that bankruptcy was imminent.

During this period default seemed so certain that prices on the city's notes were extremely unstable and fluctuated in very wide swings. The market was so uncertain and prices were changing so rapidly that frequently Barr Bros., from whose quotation sheets the data respecting these notes were taken, dared not issue such sheets on this city's securities for days at a time; and once for nearly a month.

Last August these "3's" of May 1935 sold at a price to yield 1.07 per cent; and the "6's" of January 1935, which in September 1933 were offered on as low a basis as 11.8 per cent, were quoted to yield only .84 per cent. When the investor has thus expressed himself, further comment seems superfluous.

What, it might be asked, has been the cost to the city of this demoralization of its credit? Without considerable study and computation it would be difficult, if not almost impossible, to say definitely. The possibilities are shown in the fact that to the $6,500,000 provided in the 1933 budget for interest on revenue bills, special revenue bonds and tax notes, it was necessary to add $6,900,000 more to meet the required outlay of $13,400,000. Five million dollars of this additional amount had originally been intended for the sinking fund instalments, and had to be diverted. For 1934, the original provision was $12,750,000; but this has probably proven to be more than needed, for rapid collection of delinquent taxes has reduced the outstanding indebtedness on this account and reduced the cost, so that only $8,900,000 is being provided in the 1935 budget. However, Comptroller McGoldrick has estimated the loss to the city from excessive interest costs to be from $10,000,000 to $12,000,000 a year—enough to pay the interest and amortization costs on $200,000,000 to $250,000,000 of public improvements.

Comparative Tax Rates For 261 Cities, 1934

Slight increase in average tax rate offset by reduction in assessed valuations

C. E. RIGHTOR

Director, Atlantic City Survey Commission

THE accompanying table presents in condensed form the tax rates upon property for the current year in 261 cities having over 30,000 population in the United States and Canada.

The purpose of the compilation is to furnish accurate and concise information as to the current tax rates per $1,000 valuation of the various cities in comparative form. Interest is evidenced more and more in the subject of the tax burden on property, by both the taxpayers and those framing tax laws. It is but natural that there should be a broad interest in the property tax burden in these cities because nearly 40 per cent of our total population resides in the 310 cities over 30,000, and two-thirds of their revenues come from the property tax. While there are many changes evolving in our tax laws, property will continue to bear the brunt of the cost of local government.

The manner of presenting the statistics is largely self-explanatory in the column headings. The cities are arranged in order of population by the five census groups, the 1930 census figures being used. For the Canadian cities also the last census figures are used.

The total assessed valuation is reported in the next column, followed with the respective percentages of realty and personalty. In the Canadian cities personal property is not assessed, and the assessments of business and income, which are taxed at the same rate as realty, are included with the real estate valuation reported.

The date that the city's fiscal year begins, and date of collection of city taxes are then reported. Fiscal periods of other units are not separately shown, although they differ in some instances from those of the city. Personal property taxes are commonly payable at a different time from realty taxes.

The next five columns report the tax rates per $1,000 assessed valuation, reported separately for city, school, county, and state purposes, and the total rate. This total rate should represent the total of the one or more tax bills for all purposes upon a parcel of property assessed at $1,000, except for those cities in which the legal basis of assessment is not 100 per cent. For these exceptions adjustment of the rate to a uniform 100 per cent basis has been made for comparative purposes, indicated by an "A" following the total rate.

The last two columns report the best judgment as to what the total tax rate would be if all assessments were made at the maximum value prescribed by law. Their purpose is to reflect the relative tax burden upon each unit of valuation, as opposed merely to the tax rate upon that property. It is commonly recognized that many practical difficulties arise in assessing all the properties in any city upon a uniform and equitable basis. Attempt to reflect this deviation from the uniform basis set by law is made in the estimated ratio reported, and when this percentage is applied to the total tax rate, it constitutes the best available measure of the comparable tax load. Reluctance is growing upon the part of many officials to estimate this ratio, owing to the difficulty of determining current real estate values. In such cases, prior years' estimates were used, as in general they should continue to reflect former standards of equality in assessing.

It is impossible to report in a single line all of the foregoing information for all of the cities. Many complications arise, such as the multiplicity of taxing units, each levying its own rate in a single city, sometimes upon different valuations; the variation in the distribution of functions by the units of government, which affects comparability of rates by the purposes shown; a budget procedure which totals all appropriations and deducts therefrom the revenues, arriving at a single rate for all purposes; classification of property, particularly of personalty, and also the graded tax law, as found in Pittsburgh and several cities in Canada, as examples. These elements tend to limit the value of the tabulation for comparative purposes. Certain refinements are passed while others are alluded to briefly in footnotes. Because of these complicating factors, however, conclusions may not safely be drawn about any city unless reference is made to the notes.

To the extent that a municipality has other sources of revenue, the tax rate is not the ultimate gauge of its cost nor of the effectiveness of its administration, but even so the data afford a wealth of information upon the major source of all local revenue, particularly when considered in connection with valuations.

RANGE OF RATES

Examination of the total tax rate column shows a range from $85.90 for Cicero to $15.00 for Washington. For the Canadian cities, the range is from $44.80 for Edmonton to $25.85 for Regina. In Group I, the range is from Chicago, $77.30, to Baltimore, $26.70; for Group II, from Portland, with a rate of $50.00, to Washington, as given; excluding Washington because of unusual conditions, Cincinnati would be low with a rate of $21.44; in Group III, San Diego is high, at $60.30, and Columbus low, at $19.40; Group IV, Cicero as given, to Greensboro, $16.90; and for Group V, Joliet is high, $64.75, and Newark, Ohio, low, with a rate of $16.10.

The average total tax rate for the 261 cities reporting is $34.58. The average for 279 cities reporting in 1933 was $34.61. Thus, a reduction of 3 cents per $1,000 valuation is indicated for this year—although not all the same cities are included both years. The cities of the United States show a drop in the average total from $34.77 to $34.64, or 13 cents; the Canadian cities have increased the average total rate from $32.21 to $33.63, or $1.42.

Limiting the comparison to the 234 comparable cities reporting in both 1933 and 1934, it is found that the average total rates are $34.14 and $34.49, respectively, or an increase of 35 cents for the current year. This upward trend is contrary to that reported one year ago, but when correlated with the downward trend of assessments, discussed subsequently, its effect is minimized.

Of these comparable cities, the 217 in the United States show an increase from $34.30 to $34.56, or 26 cents; and 17 cities in Canada, an increase from an average total of $32.21 to $33.63, or $1.42.

An analysis of the numerical distribution of the 217 cities in the United States reporting in 1933 and 1934 discloses that 105 have a higher total rate, 81 a lower, and 31 show no change in amount. Of 17 comparable Canadian cities, 10 report an increase, 5 a reduction, and 2 no change in the total tax rate.

The data shift substantially when consideration is given to the percentage of true value used in assessing, and afford ample evidence that the actual tax burden is not as great as the total tax rate implies. The column "Adjusted Tax Rate" gives consideration to the varying degrees of application of the legal basis of assessment—although it is recognized that the figures presented are estimates, whereas all of the foregoing columns in the tabulation are factual. In other words, the adjusted rate reflects the tax load directly in proportion as the ratio of assessing.

The range of adjusted rates is from Bayonne, $44.15, to Greensboro, $12.68. For the Canadian cities, it is from Edmonton to Ottawa, having rates of $44.80 and $24.53, respectively. The adjusted highs and lows for cities of the United States are of interest compared with the actual rates earlier reported. For Group I, Boston is high, with $37.10, and San Francisco low with $17.00; Group II, Jersey City reports $40.69, and excluding Washington with a $15.00 rate, Cincinnati is low with $18.22; for Group III, Fall River, $41.60, to Akron $13.90; Group IV, Bayonne and Greensboro, as given; and for Group V, the range is from Chelsea, $43.40, to Moline, $15.13.

The average adjusted tax rate for 261 cities is $26.12. In 1933 this average for 279 cities was $25.53. These figures indicate a net increase, therefore, of 59 cents for the year.

Limited to the 234 comparable cities, the average adjusted rates for 1933 and 1934 are $25.58 and $26.37, respectively, or a net increase of 79 cents. For the 217 cities in the United States, the average adjusted rate increased from $25.28 to $25.99, or 71 cents. The 17 comparable cities in Canada increased their average by $1.66, the $29.57 figure for 1933 rising to $31.23.

As compared with 1933, 121 cities of the United States show a higher adjusted rate, 80 a lower, and 16 no change in amount. Of the Canadian cities, 10 are higher, 5 lower, and 2 unchanged in adjusted rate. Here, again, the trend of valuations must be recognized before a conclusion is reached as to the aggregate tax burden.

ASSESSED VALUATIONS

The fact that the tax rate must be applied to the taxable property upon the assessor's records, makes important a consideration of assessed valuations.

The valuation for all the cities reporting is $68,400 millions, of which $3,546 millions are in the Canadian cities. The per capita average assessment for the cities of the United States is $1,500; and by the five census groups gradually diminishes from $1,750 for Group I to $1,480, $1,220, $1,250, and $1,185, respectively, for the other four groups. The average for the 17 Canadian cities is $1,210. Compared with last year's table this shows a falling off in both total and per capita valuations.

This reduction in valuation may be measured with exactness for the 234 comparable cities reporting in both 1933 and 1934. The total valuation for these cities in 1933 was $70,993 millions, and this year is reduced to $66,557 millions, a shrinkage of $4,436 millions, or 6.2 per cent. The 217 cities of the United States reduced their total property values from $67,334 millions to $63,011 millions, a net of $4,323 millions, or 6.4 per cent. The 17 Canadian cities lowered their valuations from $3,659 millions to $3,546 millions, a net loss of $113,000,000, or 3 per cent.

A summary analysis of the valuations and rates for 1930 compared with 1934, for the first ten cities in each of the five census groups, disclosed that the current year's assessments are lower than in 1930, in forty-five of the fifty cities. In twenty-four of the cities, the 1934 total tax rate is lower than the rate for 1930.

This downward trend gives rise to the thought that property taxes are reaching a level that will assure local governments of a more certain yield, with less delinquency occurring. A recent report on tax delinquency by Dr. F. L. Bird[1] and the series of reports on "Current Tax Delinquency," and allied subjects, compiled by the Division of Real Estate Taxation of the Census Bureau, indicate forcefully the need for remedial action to this end. Perhaps popular acceptance of this idea accounts for the apparent success thus far of the forceful, though illogical, program of the National Association of Real Estate Boards.[2] Recent experience of New York City in seeking, and finally obtaining, some relief from the general property tax indicates the improbability of any substantial shift to other forms of taxation for local purposes. The past few years, however, have seen the state gradually acquire some of the burden, through a sharing of income, sales and other taxes. Tax legislation in general continues as a series of experiments on a wide front.

This is the thirteenth annual compilation of its kind. Its tabulation was made possible only through the cooperation and interest of a large number of public officials and citizen agencies who approved of the objective. Their assistance is acknowledged by the compilers. Questionnaires were sent to 310 cities in the United States and 18 cities in Canada, with the results here presented.

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[1] NATIONAL MUNICIPAL REVIEW, February 1934.

[2] Six Proposals for Tax Action, Chicago, 1934.

An unusual refunding plan is being followed by City Manager Paul A. Volcker of Teaneck, New Jersey, in exchanging some $2,898,000 general refunding bonds to replace maturing temporary improvement and tax revenue bonds under a New Jersey law passed last spring. Says Mr. Volcker's prospectus to bondholders: "Knowing that it will result in considerable savings and believing that our bondholders will prefer to deal direct, the township intends to handle the funding itself." Arrangements are expected to be successfully concluded shortly.

* * *

The city of Kalamazoo, Michigan, reports that nearly 78 per cent of the 1934 tax levy had been collected at the end of the collection period August 15. With delinquency collections added the city has already collected 91.1 per cent of the budget requirements for 1934. Publicity and improved collection methods share in the responsibility for the improvement, and HOLC loans have played their part.

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934

Compiled by the Detroit Bureau of Governmental Research
From Data Furnished by Members of the Governmental Research Association and City Officials

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	Date of Collection of City Tax		Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
	GROUP I.															
	Population 500,000 and Over															
1	New York, N. Y.[1]	6,930,446	$17,149,236,557	100	0	Jan. 1	April 1	Oct. 1	$21.97	$ 4.56	$ .67	$ N	$27.20	90	$24.48	1
2	Chicago, Ill.[2]	3,376,438	2,474,836,141	68	32	Jan. 1	Mar. 1	July 1	44.80	20.30	7.20	5.00	77.30	37	28.60	2
3	Philadelphia, Pa.[3]	1,950,961	3,908,269,455	79	21	Jan. 1	Jan. 25		17.50	9.25	N	N	26.75	90	24.08	3
4	Detroit, Mich.	1,568,662	2,251,405,970	80	20	July 1	July 1	Dec. 1	17.94	6.72	4.98	.59	30.23	100	30.23	4
5	Los Angeles, Cal.[4]	1,238,048	1,123,413,045	91	9	July 1	Nov. 1	Jan. 20	17.80	11.50	13.90	N	43.20	46	19.87	5
6	Cleveland, Ohio[5]	900,430	1,209,110,500	89	11	Jan. 1	Jan. 1	July 1	12.25	11.82	5.83	N	29.90	85	25.42	6
7	St. Louis, Mo.	821,874	1,051,228,873	92	8	April 10	Nov. 1 '33		17.40	8.50	N	1.50	27.40	80	21.92	7
8	Baltimore, Md.[6]	804,874	1,859,131,420	61	39	Jan. 1	Jan. 1		19.80	4.70*	N	2.20	26.70	100	26.70	8
9	Boston, Mass.	781,188	1,683,500,000	93	7	Jan. 1	Sept. 15		24.25	8.01	1.85	2.99	37.10	100	37.10	9
10	Pittsburgh, Pa.[7]	669,817	1,180,808,660	100	0	Jan. 1	Jan. 1 April 1	July 1 Oct. 1	15.24	11.25	8.13	N	34.62	75	25.97	10
11	San Francisco, Cal.[8]	634.394	737,677,746	90	10	July 1	Nov. 1	Jan. 20	34.54	4.10	N	N	38.64	44	17.00	11
12	Milwaukee, Wis.	578,249	851,791,430	93	7	Jan. 1	Dec. 15		12.77	10.56	9.38	.12	32.83	80	26.26	12
13	Buffalo, N. Y.[9]	573,076	969,222,560	100	0	July 1	July 1	Jan. 1	18.80	6.59	6.35	.21	31.95	80	25.56	13
	GROUP II.															
	Population 300,000 to 500,000															
14	Washington, D. C.[10]	486,869	1,229,359,566	71	29	July 1	March	Sept.	11.00	4.00*	N	N	15.00	100	15.00	14
15	Minneapolis, Minn.[11]	464,356	316,361,702	87	13	Jan. 1	Jan. 2		14.43	8.77	2.63	4.27	30.10A	100	30.10	15
16	New Orleans, La.[12]	458,762	545,256,000	75	25	Jan. 1	Dec. 1 '33	Feb. 15 '34	18.28	5.95	4.50	5.75	34.48A	80	27.58	16
17	Cincinnati, Ohio	451,160	815,641,890	93	7	Jan. 1	Dec. 1 '33	June 1	9.92	7.86	3.66	N	21.44	85	18.22	17
18	Newark, N. J.[13]	442,337	878,321,873	81	19	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	21.48	6.86	5.16	3.00	36.50	80	29.20	18
19	Kansas City, Mo.[14]	399,746	462,753,750	81	19	May 1	June 1		15.00	15.29	7.53	1.76	39.58A	64	25.23	19
20	Seattle, Wash.[15]	365,583	255,990,628	83	17	Jan. 1	Feb. 2		10.34	7.65	10.01	3.26	31.26A	90	28.13	20
21	Indianapolis, Ind.	364,161	510,934,410	74	26	Jan. 1	Feb. 1		14.30	9.90	5.60	1.50	31.30	80	25.04	21
22	Rochester, N. Y.	328,132	633,827,915	100	0	Jan. 1	Jan. 1 Mar. 1	June 1 Aug. 1	14.16	8.78*	6.04	.21	29.19	78	22.77	22
23	Jersey City, N. J.[18]	316,715	622,017,276	94	6	Jan. 1	Feb. 1 May 1	Aug. 1 Dec. 1	23.44	6.04	8.24	2.97	40.69	100	40.69	23
24	Louisville, Ky.[16]	307,745	394,947,965	73	27	Sept. 1	Jan. 10		15.90	6.10	3.80	3.00	28.80	85	24.48	24
25	Portland, Ore.[17]	301,815	289,515,720	92	8	Dec. 1	Mar. 15 June 15	Sept. 15 Dec. 15	21.20	11.80	11.40	5.60	50.00	53	26.50	25
	GROUP III.															
	Population 100,000 to 300,000															
26	Houston, Texas	292,352	262,254,287	87	13	Jan. 1	Oct. 1		19.00	11.60	9.30	7.70	45.60	40	18.24	26
27	Toledo, Ohio	290,718	393,360,160	93	7	Jan. 1	March 1	Aug. 1	11.37	10.17	5.06	N	26.60	80	21.28	27
28	Columbus, Ohio	290,564	355,199,050	92	8	Jan. 1	Dec. 20 '33	June 20	7.65	7.05	4.70	N	19.40	100	19.40	28
29	Denver, Colo.	287,861	349,125,460	68	32	Jan. 1	Feb. 28	July 31	15.85	15.10	N	3.40	34.35	85	29.20	29
30	Oakland, Cal.[18]	284,063	223,865,342	96	4	July 1	Nov. 1		25.00	13.60	11.30	N	49.90	60	29.94	30
31	St. Paul, Minn.[11]	271,606	163,571,058	87	13	Jan. 1	Mar. 31 May 31	Aug. 31 Oct. 31	12.56	7.24	6.94	4.15	30.89A		30.89	31
32	Atlanta, Ga.	270,366	350,000,000	70	30	Jan. 1	May 1	July 1 Sept. 1	7.65	7.35*	11.00	4.00	30.00	100	30.00	32
33	Dallas, Tex.	260,475	243,868,050	74	26	Oct. 1	Sept. 1 '33	Mar. 1	14.91	9.39	7.90	7.70	39.90	45	17.96	33
34	Birmingham, Ala.[19]	259,678	160,539,440	88	12	Sept. 1	Oct. 1		6.90	3.90*	6.90	3.90	21.60A	67	14.47	34

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	Date of Collection of City Tax		Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
35	Akron, Ohio	255,040	$268,250,450	73	27	Jan. 1	Dec. 20 '33	June 20	$12.18	$12.58	$ 3.04	$ N	$27.80	50	$13.90	35
36	Memphis, Tenn.	253,143	Not reporting													36
37	Providence, R. I.[20]	252,981	494,217,320	84	16	Oct. 1 '33	Oct. 1		16.81	6.66*	N	1.03	24.50	100	24.50	37
38	San Antonio, Texas	231,542	208,436,170	79	21	June 1 '33	April 1		17.90	10.00	7.00	7.70	42.60	75	31.95	38
39	Omaha, Neb.	214,006	239,220,516	73	27	Jan. 1	Jan. 1	Mar. 1 Aug. 1	15.24	13.70	5.10	2.10	36.14	70	25.30	39
40	Syracuse, N. Y.	209,326	383,892,995	100	0	Jan. 1	May 1	Sept. 1	17.25	6.23	4.77	.22	28.47	83	23.63	40
41	Dayton, Ohio[21]	200,982	292,007,794	90	10	Jan. 1	Dec. 20 '33	June 20	11.58	9.30	4.32	N	25.20	100	25.20	41
42	Worcester, Mass.	195,311	306,589,150	90	10	Dec. 1	Oct. 10		22.69	6.95	.95	1.01	31.60	80	25.28	42
43	Oklahoma City, Okla.[22]	185,389	111,147,579	76	24	July 1	Nov. 1		14.21	18.42	8.55	N	41.18	40	16.47	43
44	Richmond, Va.[23]	182,929	261,150,046	93	7	Feb. 1	June	Dec.	14.50	7.50	N	N	22.00	87	19.14	44
45	Youngstown, Ohio	170,002	337,164,020	85	15	Jan. 1	Dec. 20 '33	June 20	8.90	10.40	3.50	N	22.80	85	19.38	45
46	Grand Rapids, Mich.	168,592	185,126,153	83	17	April 1	July 1		13.67	12.01	4.39	.65	30.72	100	30.72	46
47	Hartford, Conn.	164,072	359,247,435	89	11	April 1	April 1		17.63	7.26	.59	.77	26.25	80	21.00	47
48	Fort Worth, Texas	163,447	172,633,729	78	22	Oct. 1	Oct. 1 '33		20.20	10.00	7.40	7.70	45.30	55	24.92	48
49	New Haven, Conn.	162,655	310,169,770	90	10	Jan. 1	Feb. 1	Aug. 1	5.62	10.91	.33	.64	27.50	100	27.50	49
50	Flint, Mich.	156,492	Not reporting													50
51	Nashville, Tenn.	153,866	Not reporting													51
52	Springfield, Mass.	149,900	285,140,020	91	9	Dec. 1	Nov. 1 '33		17.73	9.13*	1.38	1.46	29.70	100	29.70	52
53	San Diego, Cal.	147,995	100,566,570	89	11	July 1	Nov. 1		28.60	13.10	18.60	N	60.30	43	25.93	53
54	Bridgeport, Conn.	147,716	234,354,338	82	18	April 1	April 1	Sept. 1	19.70	8.70	.30	.60	29.30	80	23.44	54
55	Scranton, Pa.[24]	143,433	122,482,010	100	0	Jan. 1	Feb. 5		15.77	18.00	11.75	N	45.52	50	22.76	55
56	Des Moines, Ia.[25]	142,559	140,572,000	82	18	April 1	Jan. 1		16.62	19.77	8.51	2.60	47.50	60	28.50	56
57	Long Beach, Cal.[26]	142,032	173,973,450	89	11	July 1	Nov. 1		16.00	18.90	13.90	N	48.80	50	24.40	57
58	Tulsa, Oklahoma[22]	141,258	101,952,538	96	4	July 1	Oct. 1		23.66	18.12	6.70	N	48.48	60	29.09	58
59	Salt Lake City, Utah	140,267	148,520,852	78	22	Jan. 1	Nov. 30		13.00	10.50	5.98	10.00	39.48	70	27.64	59
60	Paterson, N. J.[18]	138,513	187,604,482	90	10	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	22.22	7.80	6.51	2.57	39.10	100	39.10	60
61	Yonkers, N.Y.[27]	134,646	331,922,256	100	0	Jan. 1	Feb. 1 April 1	July 1 Oct. 1	23.07	8.20	6.68	...	37.95	87	33.02	61
62	Norfolk, Va.[28]	129,710	161,909,000	99	1	Jan. 1	July '33	Nov. 1	28.00	...	N	N	28.00	100	28.00	62
63	Jacksonville, Fla.	129,549	Not reporting													63
64	Albany, N. Y.	127,413	240,087,422	100	0	Jan. 1	Jan. 1		21.11	6.49*	5.61	.25	33.46	80	26.77	64
65	Trenton, N. J.[18]	123,356	182,402,349	88	12	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	16.08	10.45	6.43	3.04	36.00	80	28.80	65
66	Kansas City, Kansas	121,857	98,497,703	69	31	Jan. 1	Nov. 1		18.43	16.00	7.90	2.67	45.00	49	22.05	66
67	Chattanooga, Tenn.	119,798	112,335,560	92	8	Oct. 1	Oct. 1		13.76	4.84*	12.30	.80	31.70	...	31.70	67
68	Camden, N. J.	118,700	150,807,698	82	18	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	20.44	13.89	8.49	.18	43.00	80	34.40	68
69	Erie, Pa.	115,967	148,925,234	100	0	Jan. 1	Jan. 1		13.00	13.50	9.00	N	35.50	74	26.27	69
70	Spokane, Wash.[29]	115,514	68,817,248	79	21	Jan. 1	May 31	Nov. 30	9.30	6.05	6.84	3.51	25.70A	84	21.59	70
71	Fall River, Mass.[30]	115,274	108,995,500	80	20	Jan. 1	Oct. 15		41.60	...	...	...	41.60	100	41.60	71
72	Fort Wayne, Ind.	114,946	148,219,960	85*	15	Jan. 1	May 1	Nov. 1	10.50	9.00	6.50	1.50	27.50	80	22.00	72
73	Elizabeth, N.J.[18]	114,589	152,715,705	90	10	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	19.02	8.95	6.34	2.99	37.30	100	37.30	73

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	Date of Collection of City Tax		Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
74	Cambridge, Mass.	113,643	Not reporting													74
75	New Bedford, Mass.	112,975	$117,027,450	80	20	Jan. 1	Oct. 15		$28.93	$ 8.04	$ .94	$1.29	$39.20	100	$39.20	75
76	Reading, Pa.	111,171	171,000,000	100	0	Jan. 1	March 1		10.00	12.00	5.00	N	27.00	100	27.00	76
77	Wichita, Kansas	111,110	Not reporting													77
78	Miami, Fla.	110,637	Not reporting													78
79	Tacoma, Wash.	106,817	Not reporting													79
80	Wilmington, Del.[21]	106,597	148,922,200	100	0	July 1	July 1		15.00	1.50	7.00	N	23.50	75	17.63	80
81	Knoxville, Tenn.	105,802	113,100,000	92	8	Jan. 1	April 1 June 1	Aug. 1 Oct. 1	21.00	5.00	11.60	.80	38.40	75	28.80	81
82	Peoria, Ill.	104,967	Not reporting													82
83	Canton, Ohio	104,906	133,581,120	91	9	Jan. 1	Dec. 20 '33	June 20	6.28	12.22	3.70	N	22.20	80	17.76	83
84	South Bend, Ind.	104,193	136,695,180	60	40	Jan. 1	May 1	Nov. 1	10.75	10.40	5.75	1.50	28.40	80	22.72	84
85	Somerville, Mass.	103,908	Not reporting													85
86	El Paso, Texas	102,421	96,689,625	83	17	Mar. 1	Dec. 15 '33		14.98	7.52	10.00	7.70	40.20	100	40.20	86
87	Lynn, Mass.	102,320	138,490,410	89	11	Jan. 1	Nov. 1		24.91	7.26	.91	1.12	34.20	100	34.20	87
88	Evansville, Ind.	102,249	Not reporting													88
89	Utica, N. Y.	101,740	Not reporting													89
90	Duluth, Minn.[11]	101,463	65,735,002	81	19	Jan. 1	Jan. 1		11.34	13.38	5.19	4.18	34.09A	100	34.09	90
91	Tampa, Fla.	101,161	Not reporting													91
92	Gary, Ind.	100,426	122,174,310	70	30	Jan. 1	May	Nov.	25.70	10.00	4.00	1.50	41.20	71	29.25	92
93	Lowell, Mass.	100,234	112,233,842	89	11	Jan. 1	Oct. 15		29.43	5.61*	1.38	1.38	37.80	100	37.80	93
	GROUP IV. **Population 50,000 to 100,000**															
94	Waterbury, Conn.	99,902	162,479,841	82	18	Jan. 1	May 1	Oct. 1	21.61	9.41	.42	.81	32.25	80	25.80	94
95	Schenectady, N. Y.	95,692	158,918,342	100	0	Jan. 1	Jan. 1 April 1	July 1 Oct. 1	15.52	10.26	3.59	.24	29.61	91	26.95	95
96	Sacramento, Cal.	93,750	102,447,735	92	8	Jan. 1	Nov. 1		19.50	16.54	11.96	N	48.00	57	27.36	96
97	Allentown, Pa.	92,563	102,628,000	100	0	Jan. 1	March 1		12.40	13.00	4.00	N	29.40	50	14.70	97
98	Bayonne, N. J.[13]	88,979	160,233,121	80	20	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	21.44	11.42	8.30	2.99	44.15	100	44.15	98
99	Wilkes-Barre, Pa.	86,628	89,440,884	95	5	Jan. 1	April 1		13.00	16.00	11.50	N	40.50	60	24.30	99
100	Rockford, Ill.	85,864	53,404,514	77	23	Jan. 1 '33	May 1	Aug. 1	23.20	19.50	4.30	N	47.00	40	18.80	100
101	Lawrence, Mass.	85,068	Not reporting													101
102	Savannah, Ga.	85,024	63,500,000			Jan. 1	Feb. May	Aug. Nov.	23.00	10.00	12.50	5.00	50.50	50	25.25	102
103	Charlotte, N. C.	82,675	Not reporting													103
104	Berkeley, Cal.	82,109	80,161,915	94	6	July 1	Nov. 2 '33	Jan. 20	13.60	13.60	14.60	N	41.80	55	22.99	104
105	Altoona, Pa.	82,054	75,843,469	100	0	Jan. 1	March 1		9.00	13.00	5.10	N	27.10	70	18.97	105
106	Little Rock, Ark.	81,679	Not reporting													106
107	St. Joseph, Mo.	80,935	65,908,800	73	27	April 16	May 5		12.50	12.25	7.25	1.50	33.50	70	23.45	107
108	Saginaw, Mich.	80,715	84,850,692	85	15	July 1	July 1		14.08	13.13	4.65	.56	32.42	100	32.42	108
109	Harrisburg, Pa.	80,339	Not reporting													109
110	Sioux City, Ia.	79,183	85,575,000	79	21	Jan. 1	Jan. 1		11.50	15.42	5.48	2.60	35.00	60	21.00	110
111	Lansing, Mich.	78,397	109,369,700	86	14	May 1	July 16		13.95	7.17	3.61	.62	25.35	70	17.75	111
112	Pawtucket, R. I.[illegible]	77,149	143,358,725	74	26	Jan. 1	Oct. 1		22.50	...	...	...	22.50	100	22.50	112
113	Manchester, N. H.	76,834	95,868,758	75	25	April 1	on demand		16.06	7.52	2.40	2.52	28.50	100	28.50	113

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	Date of Collection of City Tax		Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total	(Per Cent)		
114	Binghamton, N. Y.[27]	76,662	$111,734,058	100	0	Jan. 1	Jan.	July	$15.39	$10.20	$ 7.01	$ ...	$32.60	100	$32.60	114
115	Shreveport, La.	76,655	Not reporting													115
116	Pasadena, Cal.	76,086	122,251,320	89	11	July 1	Oct. 9		15.90	16.30	12.00	N	44.20	46	20.33	116
117	Lincoln, Neb.	75,933	93,975,140	80	20	Sept. 1	Oct. 1	June 1	9.90	15.00	4.00	2.10	31.00	80	24.80	117
118	Huntington, W. Va.[32]	75,572	62,283,500	100	...	July 1	Oct. 1 '33	April 1	6.54	8.79	5.06	.90	21.29	80	18.03	118
119	Niagara Falls, N. Y.[27]	75,460	147,514,461	100	0	Jan. 1	Nov.		15.00	9.46	3.71	...	28.17	71	20.00	119
120	Winston-Salem, N. C.	75,274	Not reporting													120
121	East St. Louis, Ill.	74,347	51,980,192	100	0	Jan. 1 '33	May 1 '34	Aug. 1 '34	28.20	20.20	5.90	N	54.30	40	21.72	121
122	Troy, N. Y.[27]	72,763	75,546,754	100	0	Jan. 1	Jan.	July	25.24	9.49	11.80	...	46.53	80	37.22	122
123	Quincy, Mass.	71,983	129,033,900	92	8	Jan. 1	Oct. 15 '33		19.09	8.51	.74	1.26	29.60	100	29.60	123
124	Springfield, Ill.	71,864	52,946,110	73	27	Mar. 1	Feb. 1		19.90	16.25	7.30	N	43.45	50	21.73	124
125	Portland, Me.	70,810	90,270,375	80	20	Jan. 1	Oct. 1		20.79	9.27*	1.90	8.44	40.40	100	40.40	125
126	Lakewood, Ohio	70,509	93,596,900	98	2	Jan. 1	Dec. 20	June 20	7.48	13.89	5.83	N	27.20	75	20.40	126
127	Roanoke, Va.	69,206	68,952,359	79	21	Jan. 1	July	Nov.	17.50	7.50*	N	N	25.00	65	16.25	127
128	Springfield, Ohio	68,743	Not reporting													128
129	Mobile, Ala.[19]	68,202	50,509,432	64	36	Oct. 1	Dec. 1		4.50	7.20	7.50	2.10	21.30A	100	21.30	129
130	New Britain, Conn.	68,128	102,145,707	85	15	April 1	May 15		12.89	12.01	.47	.63	26.00	100	26.00	130
131	East Orange, N. J.[18]	68,020	123,329,994	94	6	Jan. 1			21.89	5.35	5.17	2.99	35.40	100	35.40	131
132	Racine, Wis.	67,542	104,806,516	93	7	Jan. 1	Jan. 1		9.50	8.95	4.03	.11	22.59	90	20.33	132
133	Johnstown, Pa.	66,993	78,143,065	93	7	Jan. 1	March 1		12.50	13.00	8.00	N	33.50	65	21.78	133
134	Cicero, Ill.	66,602	42,007,064	74	26	Jan. 1 '32	Jan. 1 '34		34.80	38.90	7.20	5.00	85.90	37	31.78	134
135	Atlantic City, N. J.[18]	66,198	126,955,819	93	7	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	19.10	4.70	3.70	4.00	31.50	100	31.50	135
136	Montgomery, Ala.	66,079	Not reporting													136
137	Newton, Mass.	65,276	Not reporting													137
138	Covington, Ky.	65,252	Not reporting													138
139	Pontiac, Mich.	64,928	55,740,985	79	21	Jan. 1	July 1	Dec. 1	19.50	16.44	2.65	.94	39.53	100	39.53	139
140	Hammond, Ind.	64,560	Not reporting													140
141	Topeka, Kans.[33]	64,120	69,000,000	86	14*	Jan. 1	Dec. 20	June 20	17.32	17.40	4.73	2.65	42.10	60	25.26	141
142	Oak Park, Ill.	63,982	45,734,940	84	16	Jan. 1 '32	Mar. 15 '34		22.50	35.30	7.70	5.00	70.50	37	26.09	142
143	Brockton, Mass.	63,797	77,287,975	88	12	Dec. 1	Nov. 1		25.61	7.87	1.32	1.00	35.80	80	28.64	143
144	Evanston, Ill.	63,338	Not reporting													144
145	Passaic, N. J.[18]	62,959	89,848,914	88	12	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	26.49	8.47	5.99	2.35	43.30	80	34.64	145
146	Terre Haute, Ind.	62,810	Not reporting													146
147	Glendale, Cal.	62,736	49,980,730	91	9	July 1	Dec. 5	April 20	13.50	16.90	13.90	N	44.30	45	19.94	147
148	Charleston, S. C.	62,265	Not reporting													148
149	Wheeling, W. Va.	61,659	Not reporting													149
150	Mount Vernon, N. Y.[27]	61,499	156,522,415	100	0	Jan. 1	Jan. 1	July 1	18.18	11.16	5.96	...	35.30	100	35.30	150
151	Davenport, Ia.	60,751	55,201,413	92	8	April 1	Sept. 1		14.50	13.71	7.81	2.20	38.22	60	22.93	151
152	Charleston, W. Va.	60,408	Not reporting													152
153	Augusta, Ga.	60,342	44,716,984	73	27	Jan. 1	April 1		20.00	14.25	7.25	4.00	45.45	67	30.45	153
154	Lancaster, Pa.	59,949	Not reporting													154
155	Medford, Mass.	59,714	90,531,850	96	4	Jan. 1	Nov. 1		23.68	9.25*	1.48	2.59	37.00	100	37.00	155
156	Hoboken, N. J.[18]	59,261	97,121,628	94	6	Jan. 1	Feb. 1 May 1	Aug. 1 Nov. 1	23.33	8.36	8.50	3.06	43.25	100	43.25	156

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
157	Chester, Pa.	59,164	$54,217,000	100	...	Jan. 1	Mar. 1	$11.50	$11.00	$ 4.05	$ N	$26.55	80	$21.24	157
158	Union City, N. J.[18]	58,659	70,596,212	96	4	Jan. 1	Feb. 1 May 1 Aug. 1 Nov. 1	23.30	6.02	8.19	2.96	40.47	...	40.47	158
159	Malden, Mass.	58,036	Not reporting												159
160	Madison, Wis.	57,899	123,043,895	93	7	Jan. 1	Jan. 1	10.24	7.66	4.97	.63	23.50	97	22.80	160
161	Bethlehem, Pa.	57,892	67,332,746	93	7	Jan. 1	Mar. 1	12.00	11.00	10.00	N	33.00	90	29.70	161
162	Beaumont, Texas	57,732	57,405,130	85	15	July 1	Oct. 1	17.80	7.20	10.70	7.70	43.40	65	28.21	162
163	San Jose, Cal.	57,651	41,066,125	89	11	Dec. 1	Nov. 1 April 1	17.80	15.50	12.50	N	45.80	45	20.61	163
164	Springfield, Mo.	57,527	35,349,679	81	19	Jan. 1	Sept. 1	15.60	14.40	5.30	1.50	36.80	70	25.76	164
165	Decatur, Ill.	57,510	Not reporting												165
166	Irvington, N. J.[13] [28]	56,733	74,418,562	94	6	Jan. 1	Feb. 1 May 1 Aug. 1 Nov. 1	29.04	...	5.17	2.99	37.20	75	27.90	166
167	Holyoke, Mass.	56,537	85,169,000	87	13	Dec. 1	Oct. 15	19.24	6.20	1.46	1.60	28.50	100	28.50	167
168	Hamtramck, Mich.	56,268	68,762,804	70	30	July 1	July 15	19.50	12.71	5.00	.59	37.80	100	37.80	168
169	Cedar Rapids, Ia.	56,097	53,559,786	89	11	April 1	Jan. 1	12.66	15.58	6.54	2.60	37.38	48	17.94	169
170	York, Pa.	55,254	48,568,805	100	0	Jan. 1	Mar. 1	9.50	15.00	7.00	N	31.50	60	19.90	170
171	Jackson, Mich.	55,187	67,291,500	88	12	July 1	July 1	9.98	12.31	5.65	.66	28.60	100	28.60	171
172	Kalamazoo, Mich.	54,786	71,402,955	82	18	Jan. 1	July 1	9.86	11.04	3.30	.74	24.94	100	24.94	172
173	E. Chicago, Ill.	54,784	Not reporting												173
174	McKeesport, Pa.	54,632	54,647,300	98	2	Jan. 1	Mar. 1	12.00	15.00	11.25	N	38.25	60	22.95	174
175	New Rochelle, N. Y.[27]	54,000	200,781,880	100	...	Jan. 1	Jan. 1 April 1 July 1 Oct. 1	15.74	8.12	7.94	...	31.80	100	31.80	175
176	Macon, Ga.	53,829	Not reporting												176
177	Greensboro, N. C.	53,659	80,000,000	80	20	July 1	Sept. 1	9.10	1.40	6.40	N	16.90	75	12.68	177
178	Austin, Texas	53,120	48,684,163	83	17	Jan. 1	Jan. 1	16.50	6.00	8.50	7.70	38.70	67	25.93	178
179	Highland Park, Mich.	52,929	77,744,550	83	17	July 1	July 1	13.00	13.20	4.75	.59	31.54	80	25.23	179
180	Galveston, Texas	52,938	Not reporting												180
181	Waco, Texas	52,848	Not reporting												181
182	Fresno, Cal.	52,513	42,437,440	87	13	July 1	Oct. 1 Jan. 20	19.90	15.80	13.00	N	48.70	50	24.35	182
183	Hamilton, Ohio	52,176	63,737,280	88	12	Jan. 1	Dec. 1 '33 June 1 '34	9.59	8.31	3.80	N	21.70	100	21.70	183
184	Durham, N. C.	52,037	70,000,000	75	25	July 1	Oct. 1	15.00	2.50	5.00	N	22.50	100	22.50	184
185	Columbia, S. C.	51,581	Not reporting												185
186	Cleveland Heights, Ohio	50,945	Not reporting												186
187	Port Arthur, Texas	50,902	27,020,160	83	17	Jan. 1	Oct. 1 Dec. 1 June 1	17.50	6.50	8.40	7.70	40.10	70	28.07	187
188	Dearborn, Mich.	50,358	160,054,495	73	27	July 1	July 15	16.12	11.07	4.79	.59	32.57	100	32.57	188
189	Kenosha, Wis.	50,262	69,445,980	92	8	Jan. 1	Jan. 1	10.05	12.75	4.31	.89	28.00	60	16.80	189
190	Asheville, N. C.	50,193	Not reporting												190
191	Pueblo, Colo.	50,096	28,918,702	75	25	Jan. 1	Mar. Aug.	24.00	14.95	10.28	3.49	52.72	70	36.90	191
	GROUP V. Population 30,000 to 50,000														
192	Pittsfield, Mass.[28]	49,677	60,192,020	89	11	Jan. 1	Oct. 15	36.00	...	2.39	1.61	40.00	75	30.00	192
193	Woonsocket, R. I.[30]	49,376	75,680,725	76	24	Jan. 1	Oct. 10	25.00	...	...	...	25.00	100	25.00	193
194	Haverhill, Mass.[30]	48,710	55,145,000	88	12	Jan. 1	Oct. 2	35.20	...	...	...	35.20	100	35.20	194
195	New Castle, Pa.	48,674	50,869,460	95	5	Jan. 1	July 1	11.50	15.00	9.00	N	35.50	100	35.50	195
196	Everett, Mass.	48,424	Not reporting												196

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
197	Jackson, Miss.	48,282	$46,000,000	80	20	Oct. 1	Feb. 1	$18.75	$ 9.25	$ 8.00	$8.00	$44.00	50	$22.00	197
198	Phoenix, Ariz.	48,118	Not reporting												198
199	Stockton, Cal.	47,963	64,128,920	92	8	Jan. 1	Feb. 1	20.50	9.50	18.70	N	48.70	48	23.38	199
200	Brookline, Mass.	47,490	165,919,600	91	9	Jan. 1	Oct. 1	12.74	5.43	.73	2.00	20.90	100	20.90	200
201	Elmira, N. Y.	47,397	Not reporting												201
202	Bay City, Mich.	47,355	39,190,534	85	15	July 1	Aug. 1	13.62	11.26	9.81	.53	35.22	85	29.93	202
203	Berwyn, Ill.	47,027	Not reporting												203
204	Clifton, N. J.	46,875	Not reporting												204
205	Aurora, Ill.	46,589	Not reporting												205
206	Muncie, Ind.	46,548	Not reporting												206
207	Stamford, Conn.	46,346	109,706,614	88	12	Jan. 1	Sept. 1	18.17	6.00	.20	.54	24.91	100	24.91	207
208	Waterloo, Ia.[34]	46,191	29,408,395	91	9	Apr. 1	Jan. 1 Sept. 30	15.32	18.97	6.11	2.20	42.60A	60	25.56	208
209	Chelsea, Mass.	45,816	47,737,200	90	10	Jan. 1	Oct. 15	25.76	11.85	N	5.79	43.40	100	43.40	209
210	Lexington, Ky.	45,736	56,778,868	78	22	Jan. 1	June 1 Oct. 1	15.60	7.80	3.50	3.00	29.90	80	23.92	210
211	Williamsport, Pa.	45,729	39,007,695	...	...	Jan. 1	April 1	14.00	16.00	8.00	N	38.00	80	30.40	211
212	Portsmouth, Va.[28]	45,704	33,178,127	97	3	Jan. 1	Nov.	26.50	...	N	N	26.50	70	18.55	212
213	Jamestown, N. Y.	45,155	64,219,998	100	0	Jan. 1	May 1	14.30	10.34	5.81	N	30.45	100	30.45	213
214	Lorain, Ohio	44,512	61,148,430	85	15	Jan. 1	Jan. 20 July 20	9.30	8.70	3.40	N	21.40	80	17.12	214
215	Chicopee, Mass.[28]	43,930	42,300,000	85	15	Dec. 1	Oct. 15	35.00	...	3.00	3.50	41.50	85	35.28	215
216	Wichita Falls, Texas	43,690	Not reporting												216
217	Battle Creek, Mich.	43,573	52,000,000	83	17	June 30	July 11	13.40	12.68	4.81	.74	31.63	100	31.63	217
218	Perth Amboy, N. J.[13]	43,516	49,717,632	89	11	Jan. 1	Feb. 1 Aug. 1 May 1 Nov. 1	21.10	5.90	9.00	2.90	38.90	50	19.45	218
219	Salem, Mass.	43,353	58,084,910	84	16	Jan. 1	Aug. 18	22.26	8.58	1.18	1.48	33.50	100	33.50	219
220	Amarillo, Texas	43,132	48,362,210	77	23	Apr. 15	Oct. 1	9.80	8.50	6.10	7.70	32.10	75	24.08	220
221	Columbus, Ga.[36]	43,131	35,245,674	77	23	Jan. 1	July 1	12.00	6.00	6.38	3.00	27.38A	70	19.17	221
222	Joliet, Ill.	42,993	20,513,753	78	22	Jan. 1	May 1	27.30	31.25	6.20	N	64.75	30	19.43	222
223	Cranston, R. I.	42,911	70,200,460	80	20	Oct. 1	Oct. 11	10.11	11.89	N	1.00	23.00	100	23.00	223
224	Portsmouth, Ohio	42,560	50,758,287	93	7	Jan. 1	Dec. 1 '33 June 1	9.57	9.89	5.04	N	24.50	100	24.50	224
225	Lima, Ohio	42,287	48,928,900	...	...	Jan. 1	Dec. 20 June 20	10.69	7.21	3.50	N	21.40	80	17.12	225
226	Council Bluffs, Ia.	42,048	21,572,409	...	...	Apr. 1	Jan. 1	24.41	22.63	7.58	2.60	57.22	40	22.89	226
227	Montclair, N. J.[13, 28]	42,017	106,674,184	92	8	Jan. 1	Feb. 1 Aug. 1 May 1 Nov. 1	22.74	...	5.17	2.99	30.90	100	30.90	227
228	Dubuque, Ia.	41,679	33,078,547	80	20	Apr. 1	Jan. 1	18.31	14.14	9.10	.55	42.10	60	25.26	228
229	Muskegon, Mich.	41,390	47,330,009	83	17	Jan. 1	Dec. 1	11.20	12.29	6.32	.58	30.39	100	30.39	229
230	Warren, Ohio	41,062	50,835,000	92	8	Jan. 1	Dec. 20 June 20	6.25	11.25	3.70	N	21.20	100	21.20	230
231	Kearny, N. J.[13]	40,716	77,883,759	89	11	Jan. 1	Feb. 1 Aug. 1 May 1 Nov. 1	16.02	8.40	9.57	3.43	37.42	60	22.45	231
232	Fitchburg, Mass.	40,692	50,928,350	79	21	Dec. 1	Oct. 15 '33	24.17	6.44	1.05	1.14	32.80	100	32.80	232
233	Lynchburg, Va.	40,661	45,171,136	93	7	Jan. 1	July 15 Sept. 15 Nov. 15	11.25	9.75	N	N	21.00	80	16.80	233
234	St. Petersburg, Fla.[36]	40,425	85,909,558	94	6	Oct. 1	Oct. 1	16.21	3.40	7.23	1.04	27.88A	100	27.88	234
235	Poughkeepsie, N. Y.	40,288	44,277,897	96	4	Jan. 1	Jan. 15 July 15 Apr. 15 Oct. 15	24.16	7.38	8.28	N	39.82	70	27.87	235
236	Ogden, Utah	40,272	32,791,979	...	...	Jan. 1	Sept.	13.46	12.50	5.70	10.00	41.66	50	20.83	236
237	Oshkosh, Wis.	40,108	46,507,000	83	17	Jan. 1	Jan. 1	17.34	8.88	3.78	N	30.00	89	26.70	237

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
238	Anderson, Ind.	39,804	Not reporting												238
239	East Cleveland, Ohio	39,667	$54,665,470	91	9	Jan. 1	Dec. '33 June	$ 8.47	$15.60	$ 5.83	$ N	$29.90	80	$23.92	239
240	La Crosse, Wis.	39,614	46,037,053	89	11	Jan. 1	Jan. 1	4.30	10.00	9.50	.20	24.00	90	21.60	240
241	Butte, Mont.[87]	39,532	48,073,839	60	40	July 1	Nov. 30	13.17	9.35	8.18	1.60	32.30A	80	25.84	241
242	Sheboygan, Wis.	39,251	46,049,540	90	10	Jan. 1	Jan. 1	12.31	7.26	3.78	.13	23.48	90	21.13	242
243	Waltham, Mass.[80]	39,247	56,889,350	87	13	Jan. 1	Nov. 1	33.60	...	...	...	33.60	100	33.60	243
244	Quincy, Ill.	39,241	33,969,380	83	17	May 1	Feb. Aug.	13.70	15.00	3.30	N	32.00	60	19.20	244
245	Meriden, Conn.[80]	38,481	59,351,410	84	16	Jan. 1	Apr. 1 Oct. 1	27.00	...	...	...	27.00	100	27.00	245
246	Bloomfield, N. J.[13]	38,077	69,491,414	90	10	Jan. 1	June 1 Dec. 1	17.35	5.21	5.15	2.99	30.70	100	30.70	246
247	Rock Island, Ill.	37,953	22,522,845	85	15	Apr. 1	Apr.	26.10	20.00	5.50	N	51.60	33	17.03	247
248	Cumberland, Md.	37,747	Not reporting												248
249	San Bernardino, Cal.	37,481	13,974,574	89	11	July 1	Nov. 5	19.50	21.00	19.10	N	59.60	33	19.67	249
250	Green Bay, Wis.	37,415	50,977,155	91	9	Jan. 1	Jan. 1	12.95	9.64	5.80	.11	28.50	91	25.94	250
251	Raleigh, N. C.	37,379	Not reporting												251
252	Taunton, Mass.[28]	37,355	35,951,660	89	11	Dec. 11	Oct. 15	39.86	...	.86	1.28	42.00	100	42.00	252
253	Santa Monica, Cal.	37,146	Not reporting												253
254	West New York, N. J.[13]	37,107	48,580,995	98	2	Jan. 1	Feb. 1 Aug. 1 May 1 Nov. 1	21.29	10.60	8.13	2.92	42.94	60	25.76	254
255	Hazleton, Pa.	36,765	Not reporting												255
256	Danville, Ill.	36,765	22,451,851	76	24	May 1	Jan. Aug.	16.80	20.00	7.30	N	44.10	46	20.29	256
257	High Point, N. C.	36,745	36,941,187	81	19	July 1	Oct. 1	15.09	1.41	6.47	N	22.97	75	17.23	257
258	Auburn, N. Y.	36,652	52,244,930	...	...	July 1	July 1	12.73	4.31	4.78	...	21.82	75	16.36	258
259	Zanesville, Ohio	36,440	Not reporting												259
260	Superior, Wis.	36,113	44,482,100	88	12	Jan. 1	Dec. 20	17.09	11.97	11.94	.12	41.12	86	35.36	260
261	Arlington, Mass.	36,094	60,943,850	94	6	Jan. 1	Oct. 15	21.78	8.58*	1.32	1.32	33.00	100	33.00	261
262	Norwalk, Conn.	36,019	Not reporting												262
263	Elgin, Ill.	35,929	22,979,658	75	25	Jan. 1 '33	May 1 '34 Aug. 1	22.00	18.80	4.00	N	44.80	40	17.92	263
264	Norristown, Pa.	35,853	25,075,620	92	8	Jan. 1	May 1	14.00	18.00	3.00	N	35.00	67	23.33	264
265	White Plains, N. Y.[27]	35,830	171,721,275	100	0	Jan. 1	Jan. 2 July 1	12.28	5.98	4.52	...	22.78	100	22.78	265
266	Revere, Mass.	35,680	Not reporting												266
267	Steubenville, Ohio	35,422	49,634,660	90	10	Jan. 1	Dec. 20 June 20	5.25	10.90	4.45	N	20.60	90	18.54	267
268	Orange, N. J.[13 28]	35,339	47,878,391	96	4	Jan. 1	Feb. 1 Aug. 1 May 1 Nov. 1	24.04	...	5.17	2.99	32.20	85	27.37	268
269	Alameda, Cal.	35,033	Not reporting												269
270	Lewiston, Me.	34,948	32,881,447	88	12	Mar. 1	Aug. 20	19.06	5.60	1.96	7.38	34.00	50	17.00	270
271	Watertown, Mass.	34,913	53,168,110	91	9	Jan. 1	Oct. 15	20.40	8.04	1.41	3.95	33.80	100	33.80	271
272	Amsterdam, N. Y.	34,817	28,734,150	100	0	Jan. 1	Apr. 17	17.38	21.33	9.78	...	48.49	55	26.67	272
273	West Allis, Wis.	34,671	49,607,277	86	14	Jan. 1	Jan. 1	12.89	13.40	8.43	...	34.72	77	26.73	273
274	New Brunswick, N. J.[13 28]	34,555	42,780,540	93	7	Jan. 1	Feb. 1 Aug. 1 May 1 Nov. 1	30.20	...	8.99	2.91	42.10	60	25.26	274
275	Easton, Pa.	34,468	44,327,571	100	0	Jan. 1	July 1	12.00	13.50	4.60	N	30.10A	90	27.09	275
276	Plainfield, N. J.[13]	34,422	61,223,483	90	10	Jan. 1	Feb. 1 Aug. 1 May 1 Nov. 1	16.87	10.07	6.21	3.05	36.20	80	28.96	276
277	Newport News, Va.	34,417	34,814,694	89	11	Jan. 1	Dec. 5	14.20	12.30	N	N	26.50	60	15.90	277
278	Santa Barbara, Cal.	33,613	Not reporting												278

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	Date of Collection of City Tax		Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
279	Paducah, Ky.	33,541	$18,834,000	86	14	Jan. 1	June 1	Oct. 1	$14.30	$12.50	$ 7.00	$ .50	$34.30	60	$20.58	279
280	Mansfield, Ohio	33,525	Not reporting													280
281	Joplin, Mo.	33,454	17,539,832	84	16	Jan. 1	Sept. 1		15.00	18.80	6.00	1.50	41.30	60	24.78	281
282	Waukegan, Ill.	33,499	Not reporting													282
283	Norwood, Ohio	33,411	Not reporting													283
284	Sioux Falls, S. Dak.	33,362	40,420,689	83	17	Jan. 1	Jan. 1		14.89	13.83	5.28	N	34.00	75	25.50	284
285	Colorado Springs, Colo.	33,237	28,703,970	...	...	Jan. 1	Mar. 1	Aug. 1	12.00	23.88	6.60	3.40	45.88	67	30.74	285
286	Elkhart, Ind.	32,949	35,360,196	65	35	Jan. 1	May	Nov.	13.40	8.00	4.20	1.50	27.10	80	21.68	286
287	Kokomo, Ind.	32,843	26,583,525	...	...	Jan. 1	May 1	Nov. 1	11.85	10.55	2.60	1.50	26.50	85	22.53	287
288	Laredo, Texas[28]	32,618	16,000,000	80	20	May 1	Nov.		23.30	...	17.90	8.00	49.20	60	29.52	288
289	Tucson, Ariz.	32,506	19,595,570	80	20	July 1	Sept. 1	Mar. 1	22.40	10.43	19.87	10.00	62.70	50	31.35	289
290	Richmond, Ind.	32,493	31,394,201	...	...	Jan. 1	May	Nov.	12.20	11.60	2.90	1.50	28.20	75	21.15	290
291	Rome, N. Y.	32,338	29,210,727	100	0	Jan. 1	Apr. 30	Oct. 30	16.22	7.78	8.62	...	32.62	68	22.18	291
292	Wilmington, N. C.	32,270	35,937,801	77	23	July 1	Oct.		15.00	2.72	4.28	N	22.00	80	17.60	292
293	Moline, Ill.	32,236	23,253,940	79	21	Apr. 1	May 1	Aug. 1	17.40	21.30	6.70	N	45.40	33	15.13	293
294	Watertown, N. Y.	32,205	48,228,652	100	0	July 1	July 1		13.40	9.70	5.60	...	28.70	94	26.98	294
295	Muskogee, Okla.	32,026	18,382,934	...	...	July 1	Oct. 1	May 1	16.87	19.61	8.17	N	44.65	70	31.26	295
296	Meridian, Miss.	31,954	21,282,239	71	29	Oct. 1	Dec. 1	Aug. 1	14.00	10.00	14.20	5.00	43.20	60	25.92	296
297	Pensacola, Fla.	31,579	Not reporting													297
298	Nashua, N. H.[30]	31,463	38,393,356	87	13	Jan. 1	Apr. 1		28.40	...	...	...	28.40	100	28.40	298
299	Fort Smith, Ark.[30]	31,429	15,094,112	62	38	Jan. 1	Apr. 1	July 1 Oct. 16	4.49	...	...	...	20.34A	100	20.34	299
300	Port Huron, Mich.	31,361	31,303,310	88	12	May 1	July 1		13.82	10.70	9.08	.58	34.18	100	34.18	300
301	Newburgh, N. Y.	31,275	40,890,000	100	0	Jan. 1	March 1		15.50	8.18	9.66	...	33.34	83	27.67	301
302	Marion, Ohio	31,084	28,991,600	100	0	Jan. 1	Dec. '33	June	9.90	11.25	3.33	N	24.48	100	24.48	302
303	Bloomington, Ill.	30,930	Not reporting													303
304	Hagerstown, Md.	30,861	Not reporting													304
305	Bellingham, Wash.	30,823	Not reporting													305
306	Baton Rouge, La.	30,729	Not reporting													306
307	Newark, Ohio	30,596	28,275,610	85	15	Jan. 1	Dec. '33	June	4.79	8.81	2.50	N	16.10	100	16.10	307
308	Everett, Wash.[38]	30,567	14,246,208	80	20	Jan. 1	Jan. 1		18.10	6.00	7.06	3.54	34.70A	88	30.54	308
309	Santa Ana, Cal.	30,322	15,968,815	90	10	July 1	Dec. 5	April 20	18.50	24.40	10.30	N	53.20	30	15.96	309
310	Alton, Ill.	30,151	Not reporting													310
	Canadian Cities										Province					
1	Montreal, Que.[39]	818,577	955,950,170	100	...	May 1	Oct. 1 '33		15.73	12.00	N		27.73	100	27.73	c1
2	Toronto, Ont.[40]	626,674	1,026,062,674	100	...	Jan. 1	May 4 July 4	Sept. 4	22.90	10.10	N		33.00	90	29.70	c2
3	Vancouver, B. C.[41]	246,593	352,213,882	100	...	Jan. 1	Aug. 3		24.40	7.33	N		31.73A	100	31.73	c3
4	Winnipeg, Man.[42]	218,785	216,165,200	100	...	Jan. 1	June 1		17.36	10.34	N		27.70A	100	27.70	c4
5	Hamilton, Ont.[43]	153,507	169,192,540	100	...	Jan. 1	June 1	Sept. 1	24.95	13.55	N		38.50	100	38.50	c5
6	Quebec, Que.[44]	130,594	122,556,247	100	...	May 1	Nov. 1		23.95	9.50	N		33.45	80	26.76	c6
7	Ottawa, Ont.[45]	126,872	157,445,109	100	...	Jan. 1	July 3	Nov. 18	25.77	11.03	N		36.80	67	24.53	c7
8	Calgary, Alta.[46]	83,761	61,456,942	100	...	Jan. 1	June 27		18.60	13.05	N		31.65A	100	31.65	c8
9	Edmonton, Alta.[47]	79,197	56,414,646	100	...	Jan. 1	Jan. 15 Aug. 22	Sept. 17 Nov. 5	27.13	17.67	N		44.80A	100	44.80	c9

COMPARATIVE TAX RATES OF 261 CITIES FOR 1934—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	Date of Collection of City Tax		Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	Province	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
10	London, Ont.[48]	71,148	$86,855,279	100	...	Jan. 1	June 18 Aug. 18	Dec. 4 Oct. 18	$24.72	$13.46	$ N	$38.18	70	$26.73	c10
11	Windsor, Ont.[49]	63,108	66,712,480	100	...	Jan. 1	April 3 July 3	Oct. 1	23.99	11.01	N	35.00	100	35.00	c11
12	Verdun, Que.[50]	60,745	43,440,120	100	...	Jan. 1	Feb. 1		16.00	10.00	N	26.00	...	26.00	c12
13	Halifax, N. S.[51]	59,275	58,952,300	100	...	May 1	May 1	Sept. 1	22.60	11.00	1.00	34.60	80	27.68	c13
14	Regina, Sask.[52]	53,209	45,509,535	100	...	Jan. 1	June 30	Dec. 31	14.55	10.18	1.12	25.85	100	25.85	c14
15	St. John, N. B.[53]	47,514	41,040,100	100	...	Jan. 1	Aug. 23		13.00	13.60	12.40	39.00	100	39.00	c15
16	Saskatoon, Sask.[54]	43,291	34,198,650	100	...	Jan. 1	July 15	July 30	17.05	17.51	1.60	36.16A	100	36.16	c16
17	Victoria, B. C.[55]	39,082	52,136,741	100	...	Jan. 1	Aug. 15		23.43	8.02	N	31.45A	100	31.45	c17
18	Three Rivers, Que.	35,450	Not reporting												c18

*=Estimate.

N=None.

A=Denotes adjustment to 100 per cent legal basis.

[1] *New York*. The official computation gives a single rate of $25.60 for city, school, and county purposes; the separate rates here given are in proportion to appropriations. Varying rates are levied on the five boroughs for local improvements, the rate shown being for the borough of Manhattan. The estimated ratio of assessed value to legal basis is from the state board of equalization.

[2] *Chicago*. The figures given are for 1932 valuation and tax levies, payable in 1934. The city rate includes sanitary district rate, $6.70, and south park district (central business section and greater portion of south side) rate, $9.90; rates in other sections vary slightly because of park district rates. County rate includes forest preserve, $1.40.

[3] *Philadelphia*. The city rate includes cost of county government, which is consolidated with the city. The rates given are on city realty (comprising 95 per cent of all realty); suburban realty (comprising 4.7 per cent of all realty) is taxed at two-thirds, and farm realty (.3 per cent) at one-half the rate on city realty—except that property in independent poor districts (having local poor rates of 30 to 40 cents per $1,000) is relieved for such poor tax. The school rate is not levied on personal property. Personalty, comprising money and vehicles to hire, is taxed at 4 mills. There is no state tax in Pennsylvania on real property, nor on personal property subject to local taxation.

[4] *Los Angeles*. City rate includes metropolitan water district, $1.00. County rate includes flood control district, $1.90. Valuation reported excludes solvent credits, $217,547,030, taxed at 1 mill, and securities, $334,854,070, taxed at 2 mills. There is no state tax in California on real estate.

[5] *Cleveland*. For all Ohio cities, realty assessment includes public utilities valuation. Tangible personalty (included in valuation reported) is taxed at same rate as realty, but for only a percentage of its value; intangible personalty (not included in valuation reported) is taxed on either income or valuation at classified rates. There is no state tax in Ohio on property.

[6] *Baltimore*. There is no county rate. There are four rates on real property—full, suburban, rural, and new annex; all rates at less than full rate are increasing to reach full rate in 1938. Personalty is taxed at classified rates. Personal property of manufacturers is exempt.

[7] *Pittsburgh*. The city rate upon improvements is one-half the full rate of $20.60 upon land, the weighted average rate being shown. Machinery is exempt.

[8] *San Francisco*. Valuation reported excludes solvent credits, $110,959,058, taxed at 1 mill, and securities, $175,715,423, taxed at 2 mills.

[9] *Buffalo*. County and state rates are levied upon a valuation of $1,014,771,600.

[10] *Washington*. Appropriations for the District of Columbia are made by Congress, a lump sum of $7,775,000 thereof being paid by the federal treasury. Intangible personalty (not included in the valuation reported) is taxed at one-half of one per cent; banks, trust companies and utilities are taxed at various rates on earnings or receipts. School rate is estimated upon the proportion of appropriations.

[11] *Minneapolis—St. Paul—Duluth*. Minnesota statutes provide for five classes of property, assessed at varying bases of true value: real estate (except unplatted) is assessed at 40 per cent; iron ore at 50 per cent; and personalty, in three classes, at 10, 25, and 33 1/3 per cent, respectively. The average of all for Minneapolis is 39.06 per cent, for St. Paul 38 per cent, and Duluth, 38.3 per cent; the rates shown are the actual rates adjusted to a uniform 100 per cent basis upon the percentages. Money and credits (not included in the valuation reported—for Minneapolis $190,246,649), are taxed at 3 mills. The city rate for Minneapolis includes school debt.

[12] *New Orleans*. The city and school rates shown are the actual rates adjusted to a uniform 100 per cent basis, the legal basis being 85 per cent of true value. County rate is levee and flood reparation.

[13] *Newark—Jersey City—Paterson—Trenton—Elizabeth—Bayonne*. In New Jersey cities the state rate includes a school tax of $2.75, which is returned to local school units.

[14] *Kansas City*. The valuation reported is for city purposes; this valuation is approximately 15 per cent less than that for school, county, and state purposes; the latter rates are adjusted to a uniform 100 per cent basis upon the valuation reported.

[15] *Seattle*. The legal basis of assessment in Washington is 50 per cent; the rates reported are adjusted to a uniform 100 per cent basis. The county rate includes port, 25 cents (adjusted from 50 cents levied).

[16] *Louisville*. Shares of stock of banks, trust, and life insurance companies (not included in valuation reported) are taxed $2 for city and $4 for schools.

[17] *Portland.* The valuation reported includes total utility valuation of public service companies assessed by the state, 14.76 per cent. City rate includes port, $1.40, and dock, $1.80.

[18] *Oakland.* City rate includes East Bay Municipal Utility district, $3.20, and mosquito abatement, 10 cents.

[19] *Birmingham—Mobile.* The legal basis of assessing in Alabama is 60 per cent; the rates reported are the actual rates adjusted to a uniform 100 per cent basis.

[20] *Providence.* There is no county government in Rhode Island. City rate includes school debt, $1.87. Intangible personalty, $125,202,800 (not included in valuation shown) is taxed $4 per $1,000 valuation.

[21] *Dayton.* City rate includes flood control, $3.87, and county rate includes flood control, 61 cents.

[22] *Oklahoma City—Tulsa.* There is no state tax in Oklahoma on property.

[23] *Richmond.* The cities of Virginia are autonomous, having no county government. There is no state tax on property subject to local taxation. The total rate given is for realty and tangible personalty; machinery, assessed at $12,135,040 (not included in valuation shown) is taxed $6 per $1,000 valuation for city purposes.

[24] *Scranton.* The city rate on improvements is one-half the full rate of $22.22 on land, the weighted average rate being shown.

[25] *Des Moines.* Money and credits, $23,195,000 (not included in valuation shown), are taxed 6 mills.

[26] *Long Beach.* School and county rates apply on valuation fixed by the county, $122,205,150.

[27] *Yonkers—Binghamton—Niagara Falls—Troy—Mt. Vernon.* County rate includes state, not separately reported.

[28] *Norfolk—Irvington—Pittsfield—Portsmouth—Chicopee—Montclair—Taunton —Orange — Laredo.* City rate includes school, not separately reported.

[29] *Spokane.* See note 15, re legal basis of assessment and adjusted rates reported.

[30] *Fall River—Pawtucket—Woonsocket—Haverhill—Waltham—Meriden—Nashua.* City rate includes school, county, and state rates, not separately reported.

[31] *Wilmington.* Of the total valuation, $3,150,600 is taxed for city and school purposes at only one-half the rate shown. There is no state tax in Delaware on property.

[32] *Huntington.* Real estate assessed at $18,355,225 (not included in valuation shown) is taxed at one-half the rate reported; personal property assessed at $9,390,000 (not included in the valuation shown) is taxed at one-fourth the rate shown.

[33] *Topeka.* Intangible personalty, $15,000,000 (not included in valuation reported) is taxed at 5 mills; the city receives one-third of this tax.

[34] *Waterloo.* There are two rates for school and sanitary districts, the rates reported being the average based upon valuation of the districts.

[35] *Columbus.* County and state accept realty at 75 per cent of city assessment, the rates being adjusted to this percentage.

[36] *St. Petersburg.* The county assessment is approximately 17 per cent of the city valuation; the school, county, and state rates are adjusted upon this percentage.

[37] *Butte.* Assessments are taxable at 30 per cent of full value, and the rates are adjusted to a uniform 100 per cent basis upon this percentage.

[38] *Everett.* See note 15, re legal basis of assessment and adjusted rates shown. City rate includes port district, $1.75, (adjusted from $3.50).

[39] *Montreal.* The Catholic school rate is $7, the Protestant rate, $10, and the neutral school rate $12, the last being reported. A water tax of 6 per cent of annual rental is levied, and business premises pay a tax of 8½ per cent on annual rental.

[40] *Toronto.* Realty valuation includes 10.8 per cent business and 4.9 per cent income. The school rate reported is public school; the separate school rate is $14.85.

[41] *Vancouver.* Land is assessed at 100 per cent, improvements at 50 per cent; the ratio of rateable assessment is 72.4 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis. Taxes are subject to 9 per cent rebate if paid by August 3.

[42] *Winnipeg.* Land is assessed at 100 per cent, buildings at 66 2/3 per cent; the ratio of rateable assessment is 80.3 per cent, and the rates shown are the actual rates adjusted to a uniform 100 per cent basis. In addition, a business assessment of $7,268,439 on rental values is taxed at 6 2/3 per cent.

[43] *Hamilton.* Realty assessment includes 12.3 per cent business and income.

[44] *Quebec.* City rate includes $5 for water paid by property exempt from other taxes.

[45] *Ottawa.* Realty includes 14 per cent business and income.

[46] *Calgary.* Land is assessed at 100 per cent, buildings at 50 per cent; the ratio of rateable assessment is 63.3 per cent, and the rates shown are the actual rates adjusted to a uniform 100 per cent basis. Realty valuation includes 2.84 per cent franchise. An additional tax of $2.96 on land only is assessed for provincial purposes.

[47] *Edmonton.* Land is assessed at 100 per cent, commercial buildings at 60 per cent, and residences at 50 per cent; the ratio of rateable assessment is approximately 70 per cent; the actual rates are adjusted to a uniform 100 per cent basis.

[48] *London.* Realty assessment includes 9 per cent business and 4 per cent income.

[49] *Windsor.* Realty assessment includes 8 per cent business and income.

[50] *Verdun.* School rate reported is Protestant rate; Catholic school rate is $8, and neutral rate, $12.

[51] *Halifax.* Realty assessment includes 13 per cent business and 5.1 per cent income.

[52] *Regina.* Land is assessed at 100 per cent, and improvements at 30 per cent; the ratio of rateable assessment is 55 per cent, and the actual rates are adjusted to a uniform 100 per cent basis. The school rate reported is public school, the separate school rate being $13.75 (adjusted from actual rate of $25.01).

[53] *Saint John.* Realty assessment includes 18.48 per cent income and 11.27 per cent business.

[54] *Saskatoon.* Land is assessed at 100 per cent, and improvements 45 per cent; the ratio of rateable income is 73.9 per cent, and the actual rates are adjusted to a uniform 100 per cent basis.

[55] *Victoria.* Land is assessed at 100 per cent, and improvements at 60 per cent; the ratio of rateable assessment is 76.7 per cent; and the actual rates are adjusted to a uniform 100 per cent basis.

FORTY YEARS OF PROGRESS

(Continued from Page 645)

THE LEAGUE WEATHERS THE STORM

Turning now to consider the affairs of the National Municipal League itself: In the first year of my administration, it was necessary to cut salaries of the staff and for the entire organization to go a month without pay, despite vigorous effort to locate new sources of revenue. We are winding up the current fiscal year with a slight surplus and an increased membership.

In other words, the League has not only weathered the peril of the depression, but has improved its financial condition during the depression period. Never before has the organization been in such a position to extend its influence. During the past three years, the crisis in municipal finance has created opportunities which have led to wider contacts for the League. More than fifty other national organizations have coöperated with us in the attempt to establish citizens' councils so as to withstand the hysterical cutting and slashing of municipal budgets and curtailment of essential services and to transfer destructive into constructive economy. Approximately 170 such councils have been organized to date.

The demands upon the League for advice and assistance in critical municipal situations led to the establishment of the League's Municipal Consultant Service of which Dr. Thomas H. Reed is the director. Although operating less than one year, this activity has already more than justified its existence in helpful service rendered.

I cannot speak too highly of the extraordinary work that has been accomplished by our secretary and editor of our magazine, the NATIONAL MUNICIPAL REVIEW, Howard P. Jones, and by the staff under his direction and inspiring leadership; also, of the faithful interest in the work of the League and the very great kindness and assistance to me as president, shown by our officers and council.

The National Municipal League has great traditions. It should continue to be the leader in the fight to improve local government in this country. Now, again, when local government ought to attract the attention it deserves, it meets with certain serious handicaps: the overshadowing importance of the federal government with the assumption by it of services that should be local; the shortage of revenues arising from tax limitation drives, shrinking duplicates and large delinquency in taxes and assessments. The need is greater than it has ever been to safeguard and strengthen sound local government and to acquaint the people with its importance. May our League continue valiantly to seek accomplishment of the objects for which it was founded forty years ago. May its efforts continue with success until the battle is safely won, which is another way of saying "forever."

Radio Program.—Speakers and subjects for coming broadcasts on "Trends in Government," the ninth series in "You and Your Government" programs, are as follows:

December 18—"Emerging Problems." Dr. Arnold Bennett Hall, Director, Institute for Government Research, Brookings Institution.

December 25—"Progress in Election Reforms." Professor Joseph P. Harris, University of Washington.

January 1—"State Re-organization." Professor Kirk H. Porter, University of Iowa.

January 8—"Protecting the Taxpayer." Edward A. Filene, President, Wm. Filene's Sons Company, Boston.

January 15—"Government Personnel." L. D. Coffman, President, University of Minnesota; Chairman, Commission of Inquiry on Public Service Personnel.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

The City Manager Plan in the Recent Election.—In the November elections two cities and one county adopted the manager plan of government. Toledo, Ohio, with a population of 290,718, voted by a comfortable margin for the council-manager plan with proportional representation, as described further in the proportional representation department of this issue. Schenectady, New York, (95,692 population) adopted the plan without P. R. by a two-to-one vote; a separate note about this election follows.

In three cities—Chicopee, Massachusetts (population 43,930), Norwalk, Connecticut (36,019), and Sidney, Ohio (9,301)—where the manager plan was proposed, it failed of adoption on November 6, while Montclair, New Jersey, on October 27, defeated efforts to adopt the plan. On the other hand, three cities—Kenosha, Wisconsin (50,262), Burbank, California (16,662), and Two Rivers, Wisconsin (10,083)—defeated proposals to abandon the manager plan. Fall River, Massachusetts (115-274), however, decided upon the strong mayor plan of city government instead of the manager plan which was adopted in 1929.

In Chicopee, despite active political opposition and a restricted and inadequately financed campaign, the manager plan obtained 5,159 votes as against 6,397 in opposition. In Norwalk the manager charter failed by a vote of 3,398 in favor and 8,786 against. This is the first time Norwalk has voted on the question. In Sidney the manager plan received 1,669 votes while 2,631 were in the negative.

In Burbank the vote was 3,112 in favor of the plan and 2,050 against. This conclusive margin is largely attributed, by City Manager H. I. Stites, to the efforts of the citizens committee organized for the campaign and which, it is hoped, will continue to function in the interests of good government. In Two Rivers, although the opposition had been working since last January and the effort in favor of the city manager charter was mostly an advertising campaign just prior to the election, the manager plan was sustained by a vote of 2,071 to 1,236, carrying every ward. In Kenosha the plan was retained by a margin of 215 votes.

*

Other Election Results.—The movement for a constitutional convention in California met with success at the November election by a rather close margin. Considerable litigation is expected concerning the legality of the resolution by which the proposition was submitted to the voters.

In Illinois where a proposal for the calling of a constitutional convention was also being passed upon at the election a majority of those voting on the measure were in favor of it, but it failed to carry because it required a majority of the total votes cast in the election. The vote on the measure was approximately 670,000 in favor and 575,000 opposed, but the total was only 43 per cent of those participating in the election. This is a somewhat higher percentage than in the case of proposed amendments to the constitution in 1930 and 1932, the vote on which was 38 and 39 per cent, respectively. The low percentage of votes on such questions is thought to be largely due to lack of sufficient prominence for these propositions on the ballot, following the procedure adopted in 1929.

Important constitutional amendments were adopted in various states. Nebraska became the first state to turn to a single-chamber legislature in nearly one hundred years (see note following). Arizona is also contemplating this idea. In Arkansas constitutional restrictions were placed on the legislature regarding taxes, appropriations, and bond issues. In Louisiana, among various amendments adopted, is one authorizing a high state income tax and another exempting from taxation small homes and farms.

The city of Memphis, Tennessee, by overwhelming vote favored a bond issue to enable the city to distribute power to be purchased from the Tennessee Valley Authority. Sacramento, California, also voted for municipal ownership and operation of electric light and power. St. Paul, Minnesota, refused to renew the franchise of the local electric and gas utility despite an offer of lower rates.

Nebraska Adopts Single-Chambered Legislature.—One of the surprises in the recent general election in Nebraska was the adoption by the voters of an initiated constitutional amendment providing for a unicameral legislature.[1] Until the votes began to be recorded not one person in a hundred gave the amendment any chance to pass; yet in a poll of somewhat over 400,000 it carried by a majority in excess of eighty thousand. Thus Nebraska becomes the first state to experiment with a single-chamber legislature since Vermont adopted bicameralism nearly a century ago.

The adoption of the plan must be regarded as a remarkable personal tribute to Senator George W. Norris. To him is due not only the initiation of the measure at this time, but also the conduct of a shrewd and vigorous campaign for its adoption. The essential features of the plan were dictated by Senator Norris, the technical details of its drafting being left to a local committee; a very large share of the expense involved in securing the required number of signatures to place it upon the ballot was borne by the Senator; and the speaking campaign was very largely directed by him.[2] The proposal had no widespread support in the press of the state, and is supposed to have been fought by the "interests" and the small fry politicians generally. Moreover, it involved such a sharp reversal of traditional American practice as to frighten the timid. In the face of these obstacles Senator Norris remained undaunted, carrying his fight to village greens and courthouse steps and astonishing everyone by the ample proportions of his victory. Perhaps no triumph in his long career has given him greater satisfaction and it may well be that none will prove of more lasting significance.

The new amendment provides for a legislature of one house of not fewer than thirty nor more than fifty members, to be nominated and elected on a nonpartisan ballot, to serve for two years, and to be paid in the aggregate not more than $37,500 a year.

The proponents of the measure had a good deal in their favor in presenting it to the voters. First of all, willingness to experiment remained, as was perhaps indicated by the general success of the new deal candidates. Next, much shrewd and effective work was done by Senator Norris and his helpers in showing how a complicated legislative system, especially as it is exemplified in the work of the conference committee, played into the hands of those seeking favors which they could not openly ask for. The advantages of the greater simplicity and higher visibility of a single chamber were driven home and were evidently effective in securing popular support. Besides, it was not difficult to argue that the chief opposition to the change came from those same elements that had opposed the senator's policies in national legislation.

Before the speaking campaign began many felt that the provision for nonpartisan nomination and election would weaken the cause before the voters. In fact, it scarcely figured in the controversy. Legislators and prospective legislators could scarcely complain publicly about this or about the great reduction in the membership of the legislature,[3] since the retort was an obvious one. Conservative opponents, if they really were profiting by the log-rolling tactics of the old legislature, were hardly in a position to state the real grounds of their objections, and when thrown back upon the usual appeal to traditionalism, could not make their arguments impressive. It was expected that the strictly rural portions of the state would vote against the change for fear of losing "dirt farmer" representation, but this opposition did not materialize. When the votes were counted it was found that the amendment had carried in 77 of the 93 counties and the majority against it in most of the others was quite small.

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[1] See NATIONAL MUNICIPAL REVIEW for July 1934 for a brief statement of the preliminaries to the campaign.

[2] Assisting Senator Norris in presenting the proposal to the voters were former governors Arthur J. Weaver and Adam McMullen, former Attorney-General C. A. Sorensen, former Congressmen J. N. Norton and Terry Carpenter, Mr. James E. Lawrence, editor of the Lincoln *Star*, and Professors J. P. Senning and L. E. Aylsworth of the department of political science of the state university. The ablest and most vigorous opponent was former Governor S. R. McKelvie.

[3] At present the house has 100 members, the senate thirty-three.

The amendment takes effect with the session of 1937. The legislature of 1935 is directed to (1) fix the number of members of the new body, and (2) redistrict the state. It is expected that the membership will be set at fifty, the campaign having been conducted, at least towards its end, on the tacit assumption that the upper limit would be chosen. Redistricting is very likely to produce a rural-urban tussle, but that is on the "next page".

Lane W. Lancaster
University of Nebraska

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The Schenectady Campaign.—The city manager form of government (Plan C under New York's optional charters) was adopted by Schenectady on November 6 by a vote of 12,178 to 6,017. The officers of the new government will be voted on next November, to take office January 1, 1936.

The election concluded an intensive campaign carried on for the manager plan by the Schenectady Charter League, an organization of non-office-holding citizens formed to promote better government and the selection of the best-qualified public officials. After studying possible changes in the local government and the experiences of other cities, the League issued a pamphlet on "The Council Manager Plan for Schenectady", in which the various alternatives open to the voters were described and a strong recommendation was made for adoption of the manager plan as an initial step.

After securing the necesary signatures and filing a petition requesting that the plan be voted on, a city-wide campaign of education was carried on by means of leaflets, public meetings, and house-to-house canvassing. Speakers from New Rochelle, Binghamton, Cincinnati, and Rochester told of their experiences with the manager plan. The fundamental objectives stressed by the local speakers were the election of a truly representative council, in which all civic groups would have confidence, and the stabilizing of city employment to attract and keep the best qualified men in the service of the city.

The Charter League plans to endorse and work for the election of a complete slate of officials for the manager government next year.

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Committee on Municipal Corporation Law.—President Scott M. Loftin of the American Bar Association has appointed the following persons as members of the special committee on the law of municipal corporations: C. W. Tooke, Chairman, New York City, L. Arnold Frye, New York City, Henry P. Chandler, Chicago, Ill., Giles J. Patterson, Jacksonville, Florida, and Eugene McQuillin, St. Louis, Mo.

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Universities Extend Training for Public Service.—Among universities that are taking a new and more practical interest in training men and women for the public service, Robert M. Paige, executive secretary, Governmental Research Association, calls attention to the following:

The University of Wisconsin plans a new and extended program of training for government service. It will consist of four years of undergraduate work in the general problems of government and economics, two years of intensive study of a special problem or a particular field, and one final year of study, observations, and active apprenticeship in appropriate government departments.

The University of Illinois recently issued a bulletin pointing out opportunities in the field of public administration and the university's facilities for training. Positions with local, state, and national governments for which university training is useful or necessary are grouped into three main classes: (1) Technical positions requiring training in engineering, agriculture, or the physical or biological sciences, (2) positions requiring training in the older professions of law, medicine, and teaching, (3) administrative positions requiring training in accounting, economics, law, and public administration.

At the University of Chicago, the social science division has grouped courses especially valuable for training for the public service and has on its faculty as visiting lecturers staff members of several national organizations of public officials.

Other universities, including Yale and Harvard, are showing increasing interest in the field of public administration. Syracuse, Cincinnati, California, Stanford, Princeton, and Michigan have given special attention to this field for a number of years and have been able to find positions for a large proportion of their graduates as city managers, assistants to city managers and mayors, and as governmental research experts.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Ohio Elects Its First County Charter Commissions.—Taking advantage of the county home rule amendment adopted last year, four Ohio counties have just elected charter commissions. These are Cuyahoga (Cleveland), Hamilton (Cincinnati), Lucas (Toledo), and Mahoning (Youngstown). Together they include more than one-third the population of the state. At the same time four other urban counties, Franklin (Columbus), Montgomery (Dayton), Stark (Canton), and Summit (Akron), turned down the charter commission proposal. In Franklin and Montgomery, however, the votes were sufficiently close to indicate that, with a somewhat more intensive campaign, the choice of a charter commission should be secured.

In Cuyahoga County the election of a charter commission was a foregone conclusion. For several years there has been an active campaign for the reconstruction of the county and the establishment of a borough or federal plan of government for Greater Cleveland, which is substantially the county. The chief question was what type of commission would be chosen. The County Charter Committee (formerly the Regional Government Committee of 400, which has nurtured the movement from the start) launched a carefully selected slate of fifteen candidates representative of the various sections of the county. A second ticket was presented by the group which took the initiative a few years ago in abolishing the manager plan in Cleveland, and a third list was put in the field by the suburban officials. The second ticket included a number of well known citizens not unfriendly to county reorganization but believing in the popular election of the executive; while the third group was primarily interested in blocking a borough form of metropolitan government or any change which might lessen the independence of the suburbs.

With excellent newspaper support the charter commission question carried Cuyahoga County by a vote of 115,000 to 78,000 and thirteen of the candidates presented by the County Charter Committee were elected. A high-grade, forward-looking commission was secured, which can be expected to tackle the problem of reorganization with intelligence and vigor.

In Hamilton County, where the regular party organizations had fought and nearly beaten the county home rule amendment in 1933, the outcome appeared more doubtful at the start. However, instead of attempting to defeat the movement, the Republican organization chose to present its own slate of charter candidates, which included a number of first rate persons. The independents, who had sponsored the undertaking, organized the Hamilton County Home Rule Committee and put forward a strong ticket including such leaders as former Mayor Seasongood and Charles P. Taft, 2nd.

Both sets of candidates adopted platforms calling for thorough reorganization of county government and the extension of county responsibility in the fields of health and welfare. The chief point of difference had to do with nominations and elections, the Republicans insisting on the partisan ballot. The result was the adoption of the charter commission question by a majority of 19,000 and the election of a commission consisting of nine Home Rule candidates and six Republicans, Seasongood leading the ticket with Taft following.

Election day brought a double-barrelled defeat for old line politicians in Toledo. At the same time that the city was adopting a charter amendment providing for the city manager plan with proportional representation, the voters of Lucas County elected a charter commission pledged to a reorganization of county government. A bitter day for Walter Brown! For years there has been interest in Toledo in county reorganization and active talk of city-county consolidation. With a drum-fire attack by the local press, the county home rule amendment carried the county by a three-to-one majority in 1933. The new charter commission was chosen from a list of thirty candidates placed in the field by a representative citizens' committee organized by the chamber of commerce, which has actively fostered the movement.

Looking for a worthwhile outlet for their energy, the Youngstown junior chamber of commerce took the initiative in presenting the charter question in Mahoning County. At first the county commissioners refused to place the proposition on the ballot, but when the young men prepared to submit it by petition the commissioners decided that acquiescence was the part of wisdom. Then the junior chamber went under ground and said nothing as to the nomination of charter candidates though quietly preparing a strong slate. The proposal was forgotten and no one took out nomination papers. Finally, two days before the end of the nomination period the junior chamber put nomination petitions in circulation and filed its list of candidates the last afternoon. There was not a single competing candidate, so the approval of the charter question insured the election of their entire ticket.

The results were not so fortunate in the other four counties. In Montgomery a good fight was made by the Citizens' Charter Committee and the League of Women Voters, but failed by about 3000 votes. It appears that the proposition would have carried but for the fact that several thousand persons who voted for the candidates apparently did not realize the necessity of voting on the question itself. In Franklin County the two party organizations joined hands in fighting the proposal and succeeded in defeating it. With more publicity it probably would have carried. In Stark County organized labor for some curious reason attacked the movement and helped in its defeat. In Summit County it also failed.

Under the Ohio amendment a charter commission is free in drafting a complete plan of reorganization of county government, no county office being exempted or required to be filled by election. At the same time a commission can incorporate in its charter provisions vesting the county with any power enjoyed by cities, and can even divest the subdivisions of such power. Under this provision individual municipal activities can be transferred to the county, or, if carried to the extreme, a complete city-county consolidation can be effected.

In Cuyahoga, Hamilton, and Lucas counties there has been considerable interest in this feature of the amendment. In Cuyahoga such discussion has centered about the borough type of metropolitan government, which would involve the transfer of certain services of area-wide concern, such as health, welfare, trunk sewers and highways, to the county while leaving the existing units standing for other purposes. In Lucas County there has been much talk of outright city-county consolidation, though the existence of a large rural area within the county makes any such proposal very unlikely and quite unappropriate. In Hamilton County there is considerable interest in consolidating health and welfare service on a county basis, but a general feeling that the shifting of activities to the county should be effected by voluntary transfer rather than mandatory charter provision.

Thus far little interest in reorganization has been displayed by rural counties, but some of the middle-sized counties have begun considering the matter. For these counties it is hoped that the next legislature will provide suitable optional plans of county government, which will avoid the necessity of charter-framing. A special commission on county government is now at work preparing such plans and will report before the end of the year.

R. C. Atkinson

Governor's Commission
on County Government

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Nebraska—Douglas County Adopts the Manager Plan.—Douglas is the first county in Nebraska to take advantage of the state optional county manager law. It voted to adopt the plan at the election on November 6 by a vote of 42,496 to 30,315. The manager plan will go into effect on January 1, 1937, when the terms of most of the present county officials will have expired.

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Wisconsin—Milwaukee City and County Consolidation.—The citizens of Milwaukee County voted overwhelmingly at the recent election in favor of consolidating their city and county governments. The referendum was purely advisory and the consolidation may be carried out in either of two ways—the merging of all municipal governments and the county government into a single central government or the merging of selected activities and functions of the various governments. Advocates of the plan believe that the first mentioned procedure would save over a million dollars a year.

All of the cities and towns in the county voted in favor of the reform. The vote as reported by the Milwaukee *Journal* on November 7 was 103,472 for, 40,603 against.

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Florida—Consolidation of Jacksonville and Duval County Made Possible.—On November 6 the voters of Florida adopted a constitutional amendment which will make possible the consolidation of Jacksonville and Duval County. Enacting legislation is now being prepared for submission at the coming session of the legislature. On the adoption of such legislation the matter is to be submitted to the voters of the city and county involved for ratification.

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Texas—County Government Amendments.—On November 6 the people of Texas voted on eight proposed amendments to the state constitution. At least three of these were of direct interest and importance to the counties of the state and to those in any wise interested in county government.

The first proposed amendment of present interest provided that with certain limitations the legislature might "by two-thirds vote of both houses, create new counties, combine existing counties and parts of counties, and abolish existing counties and change county boundaries at will . . . " The second was designed to vest control of a county's government in the commissioner's court (county board); to effect a combination of the offices of the district clerk and the county clerk, of the tax assessor and the tax collector, and (by action of the commissioner's court) of the treasurer and the surveyor of the county; to permit either the county or a city lying therein to contract with the other for the performance of specific functions; and to empower the legislature by general law to provide for a different (adoptive) government for counties from that set up in the state's constitution. The third struck at the fee system, providing first that all county officers in counties having a population of more than 20,000 must be compensated on a salary basis, and second that in counties of less than 20,000, the commissioner's court might abolish the fee system for county officers at its discretion.

Unfortunately, from the point of view of students of county government, these were but three of the eight amendments proposed. Two more related to municipal government; they should and, under other circumstances, perhaps would have been passed. The remaining three, however, were the objects of vigorous opposition campaigns. Among these the first proposed to authorize the classification of property for purposes of taxation. The second contained a tax limitation scheme which was characterized by students of public finance as more vicious than any similar scheme in operation at present in any state. The third proposed to permit certain of the counties of West Texas to tax the lands of the state university lying therein for county and school purposes.

These three proposed amendments raised a storm of protest which grew more violent with the approach of election day. In particular were the second and third the objects of an organized and systematic opposition of statewide proportions.

In such a situation the amendments relating to county and city government, which on the whole were good and which nominally might have been adopted without much difficulty, became confused with the three which aroused violent opposition. Indeed, it appeared to some leaders in the state that the three amendments in question, and more particularly the so-called tax limitation amendment, were of such questionable character that the other five ought to be sacrificed as a means of guaranteeing their defeat. Hence all eight amendments were lumped together in a "defeat them all" campaign, with the result that all went down to defeat by overwhelming votes.

The proposed amendments relating to county government, if they had passed, would not have worked the overnight transformation that students would like to have seen. The steps which they proposed for the reorganization of county government indeed were halting and half-hearted. They were steps, nevertheless, and county government in Texas would have been benefited by adoption of the amendments. As matters now stand, it will certainly be many months and perhaps some years before the legislature will get around again to the problem of county government.

ROSCOE C. MARTIN

University of Texas

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Michigan — County Home Rule Defeated.—The Michigan county home rule amendment (see this REVIEW, May, p. 282, and August, p. 445) was defeated. Incomplete but representative returns were as follows: yes, 333,000; no, 422,000. The amendment appeared on the ballot with five other amendments. Four of these clearly merited defeat. Toward the close of the campaign, fourteen state-wide organizations, in an effort to defeat these four amendments, urged the voters to say "no" to all the amendments. Some of these groups had previously supported county home rule. The voters responded by defeating every amendment on the ballot. Wayne (Detroit) and Oakland (Pontiac) Counties gave county home rule a majority. The amendment ran well in Kent (Grand Rapids), Genessee (Flint) and Jackson (Jackson) Counties. Majorities against the amendment piled up in the small rural counties.

Michigan's system of township and city representation upon county boards lies at the root of the difficulty. Each township has a representative on the county board by constitutional mandate and the cities get such representation as may be accorded to them by statute. No basic reorganization can dodge the issue of the large, cumbersome county boards. But any proposal permitting the establishment of small boards by home rule charter antagonizes the people of the townships in both urban and rural counties. This opposition plus that of the county machines makes a formidable array. Combined with a state-wide appeal for a rejection of all amendments, the result was a foregone conclusion. The daily press in the state played an effective part in educating the voters to the need of county reorganization. It could not, however, stem the negative attitude that assumed the proportions of a tidal wave in the closing days of the campaign.

A second constitutional initiative petition for 1936 is the logical goal of the State Committee on County Reorganization. The opponents will probably attempt to beat this group to the draw. They may urge the legislature meeting in 1935 to submit a compromise amendment, permitting the reorganization of administrative offices but leaving existing county boards intact with city and township supervisors.

ARTHUR W. BROMAGE

University of Michigan

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Virginia—Hanover County.—By a majority of 196 in a total vote of 1430, Hanover County, Virginia, decided not to avail itself of the first opportunity it has ever had to choose a form of government other than that provided by the state constitution and laws for Virginia counties generally. Sixty days before the November election a petition containing twice the number of signatures required for calling an election was presented to the circuit judge. The question was on the adoption of the county executive form of government recommended by the Virginia County Government Commission and authorized by legislative act in 1932.

Among the more important factors entering into the outcome of the election the following should be mentioned: (1) the ignorance of the existing form of local government on the part of many of the qualified voters and their consequent inability to weigh the merits of changes proposed; (2) the active opposition of most of the county officers; (3) the opposition of practically all the seasoned local political leaders; (4) the effective use of rumor and the play upon prejudices and fears; and (5) the influence in one end of the county of a recently defeated, but still vocal, minority in a contiguous district of another county which has recently adopted the new form of government.

E. L. FOX

Randolph-Macon College

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Bitter Fight Promised Over Tax Limit Laws.—The proposal to limit taxes on real estate by writing maximum limits on the tax rate into state constitutions is undeniably one of the most important questions which will face legislators and voters during the next few years. With real property taxes painfully high in many sections, the case for tax limitation is attractive and plausible to many harassed taxpayers, even though abundant experience has shown that tax limits are among the most unworkable and costly experiments ever devised.

The movement is given added significance because of its almost exclusive backing by organized real estate groups. It has long been known that the realtors' chief interest in fostering tax limitation legislation is to *shift* the taxes off real estate, regardless of the consequences to governmental services. The extremes to which the realty groups are willing to go is strikingly shown in the following extract from the October 1934 *Bulletin* of the National Tax Association, reporting an address at the recent conference of the association, delivered by Mr. Adam Schantz of the National Association of Real Estate Boards:

"Mr. Schantz was unusually frank in stating the position of his group, which favored property tax limitation through constitutional amendment even though it was clearly recognized that this was a procedure fraught with danger and far from a rational solution to the entire tax problem. Outlining the tactics used in Ohio, Mr. Schantz mentioned the fact that the real estate group purposely said nothing about the replacement taxes, particularly the sales tax, that they knew would have to come if the 10-mill limitation program was adopted. He estimated that perhaps one-third of the people who voted for the amendment believed that the reduction in tax revenue could be made up by reducing governmental expenses, although members of the active real estate group were themselves under no delusion with respect to this matter. The tone of Mr. Schantz's speech throughout indicated a definite commitment of the National Association of Real Estate Boards to a militant tax program, and the speaker predicted that the property tax limitation movement would make still greater progress in the near future than it had in the past."

This is a bald statement of a destructive attitude that augurs ill for much of the progress made in improving local government in the past two decades. Capable administrators are to find their work destroyed by hamstringing revenue restrictions, and inefficient governments are to be given the protection of the tax-limitation red herring upon which they may lay the blame for their own inadequacy. And perhaps worst of all, constructive taxation reforms—which are promisingly under way in many states—are to be delayed and perhaps prevented by unworkable piecemeal legislation promoted by self-seeking economic groups which bid well to displace the machine politician as the strenuous opponent of wise and necessary laws.

In view of the admitted duplicity of the real estate groups in promoting the tax limitation measures, the pointed comments of a resolution adopted October 27 at the annual meeting of the American Municipal Association should hearten those who see in tax limitation laws threats to long-needed constructive reforms. The resolution follows:

"Whereas, there have developed in several sections of the United States inspired movements to include in various state constitutions and statutes so-called tax limitation proposals to the detriment of essential municipal services, and

"Whereas, these movements constitute a threat to the very existence of municipal government and would, if adopted and put into operation, create conditions in municipalities which would threaten the safety and welfare of their citizens, and

"Whereas, the American Municipal Association has for its purpose the protection of the best interests of municipal government and their services and recognizing the need for an impartial and forthright statement of the implications of such limitation schemes as a means of offsetting purely selfish, emotional, biased appeals that are being made to citizens in behalf of the limitation schemes,

"It is herewith resolved that the American Municipal Association present to the public the following reasoned conclusions:

"First, the tax limitation proposals now being agitated are condemned as unsound in principle and ruinous in practice;

"Second, if the tax limitation proposals actually would restrict government expenditures, they would cause breakdowns in local government functions and, in consequence, cause harm to the very citizens—those of average economic resources—whom the advocates of the proposal profess a desire to help;

"Third, if the proposals limit revenues they would destroy municipal credit and force many municipalities into actual insolvency, thus plunging governments against their will into greater financial difficulties than exist at present;

"Fourth, citizens who own their homes and who may have been persuaded that the limitations sought are for their benefit are threatened not only by loss of important government services which benefit them and enhance the value of their homes but are placed in real danger of having tax burdens now fairly carried by others transferred to their shoulders;

"Fifth, chief beneficiaries of the tax limitation proposals will be the private utilities, promoters of sabotage, and large real estate speculators, either those who have taken advantage of present low valuations to buy up distressed property and hope to precipitate an uncalled for 'boom' in realty values, actually at the expense of persons who have lost their homes, or property speculators who desire to unload—at public expense—unwise subdivision projects planned during past booms; and

"Sixth, the tax limitation proposals wherever already tried, notably in Ohio and West Virginia, have threatened the destruction of local government functions, plunged municipalities into unprecedented debt, failed to bring favorable results claimed by proponents of the scheme and, in the end, made necessary legislation to undo the injury that has resulted."

To those sentiments every individual and organization working to improve local government should give whole-hearted support. And they should go further, and look around in their own jurisdictions to see what support has already been found for the limitation proposals, and then bend their energies to securing a constructive program which can meet the proponents on their own ground. The well administered city in the tax limited state suffers to an even greater extent than those more loosely administered and having therefore greater opportunities to "cut the cost of government." Good government everywhere is threatened by the tax limitation approach.

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Berkeley's Manager Government Collects Taxes.—Significant among the many interesting facts contained in the recently issued report of the city manager of Berkeley, California, for the year 1933-34, is the statement that the city collected 94.4 per cent of the total taxes levied in that year. The 1932-33 figure was 92.7 per cent.

Says Manager Hollis R. Thompson: "In order to relieve the burden on property owners with delinquent taxes, the council adopted two measures reducing delinquency penalties. The first measure authorized the payment of taxes delinquent prior to 1933-34 in ten annual installments provided that all current taxes are paid in the future. The second measure provided that all property sold to the city for nonpayment of taxes could be redeemed by paying a small interest charge of 7 per cent, regular redemption and delinquency penalties being cancelled."

We call attention to the fact that both these measures were properly hedged so as to prevent them actually encouraging future delinquencies in anticipation of future favors. (See this department for January 1934, for discussion of the problem.) In Berkeley some $73,719 of delinquent taxes were collected this year, as compared with $55,141 in 1932-33. Undoubtedly contributing to the high collection record is the fact that for the past four years Berkeley has decreased its assessed values and tax rates until in 1933-34 the income from taxes was 22 per cent less than in 1930-31.

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Florida Votes to Exempt Homesteads.—The good citizens of Florida on November 6 probably eased themselves out of the frying pan into the fire by approving a constitutional amendment exempting from ad valorem taxation the first $5,000 value of homesteads. Widely advertised as a complete exemption measure, the amendment in fact will apply only to taxes levied for current operating expenditures plus service on debt contracted in the future. The *Florida Municipal Record* reports that opinions by members of the state supreme court "indicated that no property taxable at the time the obligations were incurred could be exempted from its portion of taxes for debt service, and this would apply to any building erected on lands now taxable".

In addition to being only a partial exemption, since taxes for existing debt must continue to be assessed inside the exemption limit, the average real estate owner is likely to suffer in even greater degree than heretofore. The Florida Municipal League estimates that the amendment will cause a loss of taxable value amounting to $273,102,000 in Florida cities of over 2,500 population. This means higher taxes for the rest of the realty valuation or new taxes which the property owners will have to meet, or extensive service slashes, or both. Services which will suffer most will be those which add most to realty values—fire and police protection, sanitation, garbage collection, schools, roads, etc.—so that the hopes of Florida realtors that the exemption will precipitate a real estate boom seem particularly unfounded.

A poll of thirty-six Florida daily newspapers, conducted by the *Florida Municipal Record,* showed seventeen of them opposed to the amendment. Eight were in the middle of the road, and nine supported the amendment. In spite of the active support of only a quarter of the newspapers, the desire to try anything promising "relief" won out. It will be interesting to see how the Florida cities "adjust" themselves to the new law—and chief among the observers should be the real estate interests for whom passage of the amendment represents such a dubious "victory".

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Buffalo Leads in Fall Tax Drives.—Preliminary information on the Buffalo Pay Your Taxes Campaign, which ended November 1, indicates the collection of some $3,000,000 in delinquent taxes. Approximately 12,000 of about 15,000 individual delinquents "signed up" to undertake payment as a result of the campaign, which was directed by the Junior Chamber of Commerce. A full description of the campaign will be included in a forthcoming issue in this department.

Stillwater, Minnesota, is laying plans for a campaign; Memphis, Tennessee, prepares to repeat its successful drive of last year; and in a host of other localities pending campaigns are crystallizing and new plans are being pushed. The National Municipal League continues its preparation of helps for local officials and citizens wishing to stimulate tax collections in their own communities, and expects to release shortly a publicity handbook. This will supplement the Pay Your Taxes Campaign Manual issued last spring and used extensively in a number of collection drives.

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Minneapolis requires that before liquor licenses are granted, any delinquent taxes owed by the applicant must be paid. In one case, a large hotel had to pay over $75,000 in back taxes before it could get the license. This principle of requiring the payment of past due taxes prior to the issuance of a license might well be applied to all businesses subject to licensing.

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Miami has delivered twenty-four million dollars' worth of bonds to bondholders' committees in its refunding program. These are to be exchanged for the old bonds. The refunding plan, representing three years of negotiations, provided for the refunding of principal over a period of thirty years and refunding of past due interest over a period varying from five to seven years.

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An ordinance fixing a city sales tax of 1/20th of one per cent on the gross receipts of retail businesses not already bearing a similar tax was recently considered by the Los Angeles city council.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Toledo Adopts a P. R. Manager Charter.—On November 6 the voters of Toledo adopted a new charter by 33,263 votes to 28,125. In brief it provides for a city council of nine elected by the Hare system of proportional representation and a city manager appointed by and responsible to the council. The first election under its terms will occur in November 1935, and the council then elected will assume office January 1, 1936.

The rules of the count contain two interesting provisions. At a central counting place all ballots will first be examined for validity. This enables the total number of valid ballots to be known and the P. R. quota determined before the distribution of first choices. No candidate will be credited with ballots in excess of the quota, so that the necessity of transferring surpluses by the usual method is obviated. Also, before the official announcement of a candidate's election, a group of special investigators representing the other candidates will examine all ballots in his quota file. This has been done in Cleveland and Hamilton but never before required in a charter.

The financial provisions of the amendment are believed to be an advance over those of other manager cities in Ohio and are based upon the experience of Martin S. Dodd, a former law director of Toledo. Among others who participated in the drafting were Professor O. Garfield Jones of Toledo University and G. Burman Curry, Secretary of the Bureau of Publicity and Efficiency.

The movement for such an amendment began in the fall of 1933 because of the financial plight of the city. The charter set up the tremendously high hurdle of requiring the signatures of 20 per cent of the voters at the previous general election to force an amendment's submission. But the students of Toledo University shouldered this terrific task as a thank-offering to their city. The campaign was very dramatic both in the type and scope of support and in the peculiar character of the opposition.

The subject deserves a more extended treatment than this brief note can give. But it may be mentioned here that the amendment received the support of the three daily newspapers of the city, and ministers and religious leaders urged it as a means of achieving a higher civic idealism. The opposition came from certain labor leaders and from a few leaders in a section of the city on the east side of the Maumee River. A statement opposing the amendment by ex-Postmaster Walter E. Brown because of its P. R. feature, made a few days before election, was believed to have influenced many undecided persons to vote for the amendment. A women's division led principally by members of the League of Women Voters did very excellent house-to-house work. The movement also attracted some young industrial leaders who are dealing with employees on a very high ethical plane. These worked side by side with older men and women who in their youth were part of the famous independent movement of the turn of the century which made Toledo and its mayors, "Golden Rule" Jones and Brand Whitlock, known throughout the country.

The Citizens' Charter Committee will continue in existence and will place a ticket before the voters of Toledo next November.

WALTER J. MILLARD

(Mr. Millard, who is field secretary of the National Municipal League, spent the last six weeks of the campaign in Toledo assisting the Citizens' Charter Committee.)

*

An Object Lesson from Cincinnati.—In the recent fall election the independent forces lost control of the county offices in Hamilton County, Ohio, which includes Cincinnati. The county went back into the hands of the Republican organization although no one of its candidates polled a majority vote. The independents and Democrats, who had united in previous county campaigns, this time ran separate tickets and although the combined votes of these tickets outnumbered the Republican organization votes, the division of forces under the plurality system was fatal.

If the P. R. system used in Cincinnati city elections had been in effect for a county board to govern the county, the division would have had no such effect. The independents and Democrats would have elected separately their proper shares and together their representatives would have outnumbered those of the Republican organization minority.

As it is the minority has made a clean sweep. This is significant evidence for the high-grade Hamilton County Charter Commission which has just been elected.

*

Tasmanian General Election.—In Tasmania P. R. has been used for the election of the house of assembly since 1907. The general election held in June last illustrated anew the freedom which the single transferable vote confers both upon electors and upon candidates. In the Wilmot division, Mr. Becker, a "Federal Labour" candidate, who did not receive the endorsement of the official Tasmanian Labour Party, was nevertheless elected. There were five official Labour candidates in this division, and Labour electors were advised to express preferences for the official Labour candidates only. A considerable number of Labour electors ignored this advice, and by giving a preference to Mr. Becker (though after first supporting the party candidates) they secured Mr. Becker's election to the last place. But for this action, the Nationalists would have won the seat.

The result of the election was as follows:

Party	*First Preference Votes*	*Seats*
Labour	53,454	14
Nationalists	54,549	13
Independents	4,864	1
Federal Labour	1,905	1
Douglas Credit	1,995	1
Total	116,767	30

The Nationalists and Labour parties polled very nearly the same number of first preference votes. Labour secured 14 seats and the Nationalists 13. The Nationalist party could probably have gained a further seat had their voters strictly refrained from cross-voting. But this is not to say that the electoral system misinterprets the political opinions of the electors. The fact is rather that the classification of voters by first preferences, though convenient, states the truth only partially. To estimate the full verdict as recorded in the voting, it would be necessary to take the cross-voting into consideration, as a further indication of opinion. The power to vote across party lines, which is a characteristic of the single transferable vote system of P. R., is of high importance. Even though sparingly used, it frees the elector from party dominance. It gives the individual the means of fuller self-expression.

British Proportional Representation Society, "P. R. Progress" for October.

*

President Dodds Joins the P. R. League Council.—Harold W. Dodds, president of Princeton University, and newly elected president of the National Municipal League, has honored the Proportional Representation League by accepting the place on the League's Advisory Council made vacant by the recent death of Stoughton Cooley. In view of the fact that the P. R. League's work is now carried forward as a special department of the National Municipal League and of Dr. Dodds' long and helpful interest in P. R., his election to this position was considered particularly appropriate.

Death of Rayner Kelsey.—The proportional representation movement has lost one of its most devoted friends in the death on October 29 of Rayner W. Kelsey, for twenty-five years a member of the faculty of Haverford College and for fourteen years professor of American history there. As a former student I write this brief tribute with mixed feelings of sorrow for a personal loss and gratitude for his life and its inspiration. President Comfort of Haverford said truly of him, he was a "steadfast believer in intellectual and moral soundness a friend to all those whom he knew."

Though more widely known for his historical writings and especially as one of the foremost authorities on Quaker history, Professor Kelsey served continuously as one of the seven trustees of the Proportional Representation League from 1925 until the time of his death.

He had a keen grasp of the significance of P. R. and a singular felicity in expressing it. As evidence I cannot refrain from quoting from his review of the book "Proportional Representation" (by Mr. Hoag and myself) published in *The Pennsylvania Bulletin* of the League of Women Voters in 1927, which I have always prized as perhaps the most forceful brief expression of the points we were trying to drive home:

"The reviewer has long felt that proportional representation is the most convincing of present day devices for improving the machinery of government.

"Chapter I presents a discussion on basic principles, pointing out first the vast difference between voting for measures or administrative officers on the one hand and for representatives on the other. The Swiss publicist, Naville, is quoted: 'In a democratic government, the right of decision belongs to the majority, but the right of representation belongs to all.' Imagine the shock to the average voter if he were locked in a room alone with that statement.

"Chapter II shows the monstrosities of misrepresentation that constantly spring from our usual single-member district system. One case in point is the Congressional election of 1912, in Indiana: a party with 45.5 per cent of the votes elected 100 per cent of the Congressmen. One wishes that Chapter II could be written across the skies. Millions of voters in the United States would then realize for the first time how woefully they are being 'dished' by a bungling bit of undemocratic machinery.

"Incidentally, one puts a question: What fraction of one per cent of American voters know that P. R. renders the direct primary useless and obsolete? . . . .

"Those who oppose P. R. are not conservative but uninformed. They do not know what it is all about."

George H. Hallett, Jr.

Plato Discovered as the Father of P. R.—Hitherto, writings on the history of P. R. have not been able to trace the idea farther back than Mirabeau, who wrote in 1789: "A representative body is to the nation what a chart is for the physical configuration of its soil: in all its parts, and as a whole, the representative body should at all times present a reduced picture of the people."[1]

Now Sir John Fischer Williams, a vice president of the British P. R. Society, carries us back some twenty-three centuries and discovers P. R. in more concrete form in the writings of Plato. "When Plato, in *The Laws,* provides for the election of a body of thirty-seven 'Guardians of the Law' ", writes Sir John in a recent issue of the *Manchester Guardian*, "he adopts the system of the single vote in a constituency returning several members—a system which in itself prevents the monopolization of representation by a majority—and arranges second and third ballots, always by the single vote, in such a manner as to produce a result similar to that which would have come about if he had hit upon Hare's device of making the vote not only single but also transferable. So proportionalists are marching under the standard of the greatest of the ancient philosophers. *Sursum corda.*"

*

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Public Administration Service—Consulting and Research Division.—During the past year Public Administration Service has performed a great variety of work. Of particular interest are the services performed for federal agencies. The staff prepared the *Manual of Financial, Accounting, and Reporting Procedures for the federal CWA,* which was mandatory upon all state and local CWA's throughout the country. Subsequently, procedures were developed for the new FERA program. Public Administration Service also assisted the federal PWA in the preparation of a *Manual of Financial and Accounting Procedure for Public Bodies* to be used as a guide for public bodies receiving loans and grants from the federal government in the management of funds and the conduct of projects. The staff was retained also by TVA to survey and recommend improvements in financial procedures. Budget and accounting procedures were recommended which have subsequently been put into operation.

Reorganizations and installations were made in the public works department of Springfield, Massachusetts, in five departments in Worcester, Massachusetts, and in Arlington County, Virginia. A survey of the public welfare department of Brookline, Massachusetts, was made. Public Administration Service assisted the American Public Welfare Association in the survey of public welfare in Atlanta, Georgia.

With the addition to the staff of Mr. Albert Noonan, a specialist in assessment and taxation problems, technical assistance was given to the city of Brunswick, Georgia, in a reassessment of property, using work relief labor.

Public Administration Service is now engaged in assisting the Temporary Emergency Relief Administration in improving relief procedures in the state of New York and in the preparation of a manual for the guidance of all local relief administrations.

Major strides have been made in the survey of public library administration under the direction of Arnold Miles, which is being conducted for the Graduate Library School of the University of Chicago, in coöperation with the American Library Association.

The National Congress on Public Works and Municipal Engineering was managed for the American Society of Municipal Engineers and the International Association of Public Works Officials. Public Administration Service is now furnishing a joint secretariat for these two organizations.

Public Administration Service assisted in the standardization of police examinations by furnishing copies of the U. S. civil service adaptability test to over a hundred cities which have examined the members of their forces.

The staff has published during the year the monthly *Police Chiefs' News Letter,* the official journal of the International Association of Chiefs of Police; and the *Public Works Engineers' News Letter,* sponsored jointly by the American Society of Municipal Engineers and the International Association of Public Works Officials.

A broad program of research in police, public works, and measurement standards problems has been continued. A model bill for the establishment of a state bureau of criminal identification, investigation, and statistics has been drafted, and a model bill for establishing state police forces is now under preparation.

During the year, a New England office was opened in Boston, Massachusetts, under the direction of C. A. Bingham, former city manager of several cities.

Donald C. Stone

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[1] "Proportional Representation," by C. G. Hoag and George H. Hallett, Jr., The Macmillan Company, 1926.

New Jersey Taxpayers Association.—The Association has during the past year expanded its work in the field of local activities and its program of analytical research on public administration problems. Six reports on public administration have been distributed to over three hundred civic organizations throughout the state for study and consideration at their meetings. These reports are:

1. Municipal Manager Form of Government. Discussion of merits of plan and New Jersey law on subject. 14 pp.
2. The New Jersey Highway Policy. Discussion of the state system and its cost. 23 pp.
3. The Tax Exemption Policy in New Jersey. 15 pp.
4. The Operation of Civil Service in New Jersey. 22 pp.
5. Public Welfare Work in New Jersey. 24 pp.
6. Pensioning of Public Employees in New Jersey. 20 pp.

Two studies were made on compensation and pay deductions of public employees, one dealing with county and city employees, the other with engineers in public service.

Other general studies and reports completed during the past year dealt with a wide variety of topics as the following list of titles indicates:

Manufacturing Industries in New Jersey—Employees, Wages, Value of Products
Property Tax Payment Delinquencies—All municipalities in the State
General Property Tax Levy—Analysis and Comparison
Consolidation of Cities—A Short Method of Analysis
The Cost of State Governments in Dollars per Capita
Limitation of Tax Rates—Analysis Applied to New Jersey
Land Area in Square Miles of all New Jersey Municipalities
The Cost of Election Ballots
Analysis of Four Proposed New Taxes.

At the joint request of the city council and local taxpayers' association of Keansburg a survey and report was made of the water supply system from both service and financial standpoints. Similar service has been given many other communities.

The Association has sponsored and is conducting a comprehensive survey to determine the increased cost of construction and maintenance of highways due to the use of trucks and other commercial vehicles.

The Association's efforts to arouse greater and more intelligent interest in government were energetically continued throughout the year. This year as last questionnaires were sent to all candidates for the state legislature. The replies of these candidates were published in most of the newspapers, and many thousands of copies of this report were distributed throughout the state. An analysis was made of the taxation platforms of the two principal candidates for governor which showed that both platforms grossly misrepresented taxation problems in almost every phase considered.

During the year 1934 more than forty newspaper stories were prepared and distributed to the several hundred newspapers throughout the state. These news releases were widely used and many of them prompted editorial comment.

The program of forming community and county councils has been continued with the result that practically every locality in the state is now in direct contact with the state Association.

In addition to the studies mentioned above, twenty-seven other bulletins of four pages each on a wide variety of subjects were issued during 1934. These were distributed to about one thousand organizations and interested groups.

The Association led the opposition to a sales tax, and on this occasion organized the largest meeting of citizens ever assembled at Trenton to attend a public hearing conducted by a committee of the legislature. The legislation was defeated. The Association's legislative committee examined every bill introduced in the legislature and is now preparing a comprehensive program of legislation for submission to the 1935 legislature.

*

Boston Municipal Research Bureau.—During the past year the Bureau has completed eight major reports. These have dealt with: (1) a proposed amendment to Boston's PWA school building program (a state board followed the Bureau's recommendations, ordering a reduction of $75,000 in the building program); (2) changes recommended in the Boston city charter; (3) a proposal to enlarge the courthouse (the state legislature followed the Bureau's recommendations and vetoed this project); (4) the effect on Boston city finances of restoring salary schedules (in line with the Bureau's recommendations these schedules were not restored); (5) the problem of Boston's increasing cash deficit and ways of correcting this fundamental weakness in the city's financing; (6) modernizing Boston's budget procedure; (7) reducing Boston's fire department costs by the elimination of four engine companies and two ladder companies.

The latter report was supplemented by one on reducing fire department costs by the elimination of excess personnel. As a result of these two reports the mayor has asked the National Board of Fire Underwriters to review the Bureau's findings and recommendations and it appears probable that some reduction in the costs of the fire department will soon be effected.

In addition to these eight major reports the Bureau has prepared numerous memoranda for official and unofficial committees and individuals; has issued ten bulletins to its members and released nine public statements to the press. To an increasing degree this Bureau, which was organized only two years ago, is being used by officials and citizens as a source of unbiased factual information. Its public prestige and its effectiveness seem to be steadily increasing.

*

Bureau of Governmental Research of the Indianapolis Chamber of Commerce.—A study of the distribution of the state collected gross income tax receipts in Indiana is now being made by the Bureau. The study was prompted by the fact that Marion County, in which Indianapolis is located, is discriminated against in the distribution of the receipts from this tax. Out of every dollar paid in from Marion County in gross income taxes, only 30 cents is returned to the county for school aid. The basis of distribution of the gross income tax is the number of teaching units, with the amount distributed per teaching unit the same regardless of school costs. Along with this study it will be shown that other new forms of revenue which have broadened the tax base have not decreased property taxation in Marion County to the same extent as in other counties of the state.

The Bureau of Governmental Research recently completed a study of the administration of old age pensions in Marion County, in which it was pointed out that there is a larger number of old age pensioners per thousand population of 70 years of age and over, than in other comparable areas. Failure to employ trained case workers and to provide good case work procedure are the bases of inefficiency in old age pension administration. A statistical analysis of old age pension appropriations and payments in every county of the state has also been prepared and will be released shortly.

Under way are studies of mothers' aid in Marion County, policemen's and firemen's pensions in Indianapolis, bonded debt of Marion County units of government, and a study of trends in expenditures and receipts of local units of government over a ten-year period.

VIRGIL SHEPPARD, *Director*

*

Wisconsin Taxpayers Alliance.—The major share of the work of the Alliance during recent months has been studying, analyzing, and publishing facts about expenditure control. The need for an adequate system of expenditures control in Wisconsin was brought to the attention of the Legislative Interim Committee on Wisconsin Problems last April by the director of the Alliance. The present program is entirely educational in character, designed to acquaint taxpayers and voters with the need for controlled expenditures and with some of the means by which this can be accomplished.

Each issue of the semi-monthly publication, the *Wisconsin Taxpayer,* contains a summary of research activities on some special phase of the expenditure problem. These facts are presented in as nontechnical language as possible, commensurate with accuracy. Subjects which have been treated in recent weeks are the number of small rural schools, the county system of schools, state aids for education, motor vehicle taxes, highway finances, publicly owned motor vehicles, rural zoning and rehabilitation, and mandatory county levies.

A recently published book, "Wisconsin Taxes—Where They Come From and Where They Go," summarizes the more important of the research analyses made during the past year, and gives condensed as well as a coordinated survey of Wisconsin taxes and expenditures. The value of the book is largely educational, definitely looking toward reforms through expenditure control measures.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

The Method of Freedom. By Walter Lippmann. New York, The Macmillan Company, 1934. 117 pp. $1.50.

Doctor Lippmann has a real concern. He concludes that "it is hardly open to dispute that it has been the compensatory measures, the management of the dollar, and the inflationary expenditures through many channels, to the unemployed, to farmers, to depositors, and to debtors, which have had the most substantial and immediate effect in reviving trade and production." (p. 70) "That this type of control has proved to be consistent with the working of the capitalist order in many countries and has given evidence of being able to influence it beneficially in the period of its profoundest disturbance, is ground for confidence that we are on the track of a social discovery which has great promise." (p. 71) The "compensatory method of control requires that the state shall act, almost continually, contrary to the prevailing opinion in the economic world." Then he queries: "Will a democracy authorize the government, which is its creature, to do the very opposite of what the majority at any time most wishes to do?" (p. 74) He is forced to this conclusion because "there has been a progressive popularization of the government, that is to say, all its separate organs have become increasingly responsive to the same prevailing opinion. In practice this means, of course, that it is highly sensitive to articulate, willful and organized opinion among the voters in the constituencies." Again: "Popular government has, therefore, become particularly responsive to pressure groups, to those who know what they want as against the amorphous majority who do not know." (p. 76)

He would, therefore, shift the services of government to doing *most* of the time what *most* of the people do *not* want done. When folks are inflating government should be deflating; and when folks are deflating government should be inflating. And so with many other functions. Such is the real concern of this book.

Doctor Lippmann confesses to be driven to this conclusion by the perverse power of pressure groups on government. That government has too freely followed pressure groups, all students will admit. But they do not all reach the conclusion that government should, therefore, do for most of its work just what most folks do *not* want done. That is a rather unpopular function of government. And most students do not follow it. Most students will say: Yes, pressure groups have gone too far. Therefore, let us criticise the pressure groups and put them in their place. Pressure groups taking the less dominant place they should have, government could then function with its ear to the ground. Government then would not be driven to the conclusions Doctor Lippmann forces it to.

This book by Doctor Lippmann is interesting, suggestive, and valuable. What he says has been largely the truth. The author questions only whether it must be admitted that all this is so unchangeable as to force government into impossible positions.

Clyde L. King
University of Pennsylvania

*

Municipal Government in the United States. By Thomas Harrison Reed. New York, D. Appleton-Century Company, 1934. Revised edition. 395 pp. $3.50.

Professor Reed has thoroughly revised and brought up to date his edition of eight years ago. During that time he has had an unusual opportunity to observe the many changes taking place in the rapidly shifting scene of local government. His practical observations of cities in California, Michigan, New York, New Jersey, and of the metropolitan centers of Pittsburgh and Saint Louis, have added invaluable material to this new edition. One could not undertake the extremely useful series of radio broadcasts in the "You and Your Government" series over the past four years without absorbing countless new ideas for inclusion in this volume.

With added and expanded chapters the format has been slightly altered from the first edition. It is questionable whether publishers should use the smaller and lighter font in text books for student reading. However, the stimulation of the subject unrolling in analytical and scholarly manner more than makes up for the degree of strain that the eye undergoes. Reed has followed a commendable method and style in his footnotes and references. Would that more writers would take the reader, and especially the college student, into his chain of consciousness in the difficult task of presenting the valuable, and often inaccessible, side lines of other texts, monographs, and magazine articles.

Several chapters, especially ones added in this edition, stand out prominently. His treatment of "Municipal Irresponsibility and Legislative Leading-Strings" is unusual and enlightening. The rapid spread of some method, new or old, to restrict the formerly popular appeal of home rule for local governments needs thorough discussion to prevent hasty and ill-considered legislative action. The chapter on "Proportional Representation" is especially well done. The inclusion of the Cincinnati election count of 1933 lightens the work of the instructor in the explanation of this intricate subject. A chapter too infrequently included in works on municipal government—"Municipal Politics and Politicians of Today"—is treated very philosophically, yet with a good sound diagnosis and with adequate remedies indicated. His chapter dealing with the criteria of good city government is the first valuable contribution to this much discussed and little followed subject. Personal opinion and false measures of success too often enter the presentation of writers on this important consideration of results. Scientific objectivity in all functions of municipal government is far from defined. The author shows, however, that tests now being used for police, fire, health, and other functions are effective and valuable to municipal administrators and citizen understanding.

The two concluding chapters deal with the metropolitan area and the solution of its problems. There is room for much expansion in the treatment of this subject. His illustrations from the experiences across the Atlantic are adequate and well digested. More should have been presented on this experience with the proposed consolidation in the Pittsburgh and Saint Louis areas. Still more could have been said about the ever-increasing problems in New York, Chicago, Boston, Los Angeles, and the San Francisco areas. Perhaps the variety and length of description of each area and the diversity of solutions proposed precluded further treatment. No one in this country today is so well equipped from study and experience to give us the full story of the future metropolitan area and government as this author. We have met and solved most of the problems of the small and above-average-size cities. The next step is to meet the needs arising from the confusion of political subdivisions that make up our metropolitan areas.

Professor Reed has given us a readable and imaginative description of the government of our municipalities. His presentation is clear and logically arranged. He speaks to students and specialists alike. He has given convincingly of his full and varied experience, holding out much hope for continued improvement and progressive accomplishment.

EDWIN A. COTTRELL

Stanford University

*

Law Making in the United States. By Harvey Walker. New York, Ronald Press, 1934. 505 pp. $4.00.

"Law Making in the United States" should prove to be an admirable college text for courses in legislation and related problems, as well as a fruitful and suggestive supplementary work for any undergraduate class in political science. It is an excellent general review of the many faceted subject, and no important elements of law making escape treatment. The examination of many phases of the general field is not exhaustive of course, but it is also seldom superficial.

Indeed the chief criticisms apply rather to the size of the book, in the sense that one wishes for a more extended treatment of certain elements. The subjects of executive law making, for instance, has increased vastly in importance during recent years. Dr. Walker devotes a section to its discussion, but the presentation is somewhat brief and unsatisfying. One would have liked more examples and illustrations, more comparisons between American and European practices, and particularly a little more complete study of the contrast between the American and the Italian, Russian and German systems. It would also have improved the work in the mind of this reviewer had the treatment of the work of legislative committees, particularly congressional committees, been considerably elaborated. This is to say that the book would have been even more acceptable had it been longer, had the author used illustrations with greater freedom, and had he quoted more frequently from the sources.

One cannot quarrel with most of the conclusions at which Dr. Walker arrives, and it is one of the major advantages of the book that the author is not content merely to describe. Few methods of law making in the country escape his pregnant and constructive criticism. He probably deals too harshly with the legislators—members of Congress and the state legislatures. Certainly they are not less intelligent than their constituents, and many of them are men of character and ability. That they are dominated by parochial interests is primarily the fault of the system and not of the individuals. Congressmen will be delighted to think and vote nationally if they can be reasonably sure that such action will be rewarded by re-election. For many national legislators the position is a vocation, and these men are not likely to choose voluntary retirement, particularly when the right and wrong of an issue are so inextricably mixed.

In his concluding sentence the author pays tribute to the honesty of the direct action of people as expressed in the referendum and initiative, in contrast to the more calculating action of elected legislators. He suggests that ignorance, lack of information, are responsible for the unfortunate actions of the people. This optimistic conclusion has not been proved. It might as easily be said of much legislative action. Dr. Walker proposes the customary, well worn, and somewhat flimsy formula of education as the method by which people will be brought to act intelligently in political affairs. The cure would probably take too many centuries to have any practical value in solving the baffling problem which he poses. After all, every lobby has its brain trust.

The legislative drafting service at Washington, though praised, probably does not receive its just dues when compared with the similar service in England. Admittedly our own is of very recent origin, but experts who have compared the two products have not been convinced of English superiority.

The author's suggestion that cabinet members should be on the floor of Congress and take part in debates, but not vote, seems unimportant if not undesirable. Even under our system executive officers have tremendous influence in shaping and building legislation by working with committees, and this tendency will increase. Furthermore, the importance of the committee is growing, and officials of the executive departments can probably do much more effective work before the committee than on the floor.

Insufficient attention is given to the fact that most of our legislation, particularly national, is of a nonparty character and that votes are controlled largely by parochial interest. The writer also clings too closely to Lord Bryce's definition of rigidity and flexibility of constitutions. Constitutions are flexible if they are changed and rigid if they are not, regardless of method.

These criticisms are insignificant compared with the virtue of Dr. Walker's treatise. He has written a text which should prove highly useful for many years. A rather complete bibliography, which fortunately includes magazine articles and considerable material from the field of practical politics, and excellent footnotes which enable the student to classify his own state on every major point, add greatly to the value of the work.

MILTON R. MERRILL

Utah State College

*

Appraising Residential Property. By Cuthbert A. Reeves. Published by the Author, Buffalo, N. Y., 1934. 99 pp., charts and tables. $2.00.

Similar in method and scope to "The Appraisal of Urban Land and Buildings," prepared by Mr. Reeves for the Municipal Administration Service in 1931, this manual by a recognized authority on appraisal methods will be welcomed by the host of private and public officials faced with the job of standardizing appraisal technique in connection with the myriad governmental loan agencies created by recovery legislation. The subtitle, "Methods, Cost Data, and Instructions Especially Helpful for Underwriters of Home Financing," aptly describes the work.

In a brief but concise section the author discusses the comparative sales, income analysis, and summation methods of determining value. The greater bulk of the volume consists of a manual for summation appraisals. Formulae for determining land values are given, and illustrated with examples; four comprehensive tables for calculating depth are provided. The advantages of using area, rather than cubic content, in calculating building values is discussed, and formulae included for determining such values in different structures. Detailed tables for calculating building costs form perhaps the most valuable section of the manual. Buildings are grouped (as single-family, two-family upper-and-lower, two-family duplex, etc.), are classed (as cheap, fair, medium, good, and high grade construction), and are typified (by nature of exterior walls), so that the individual building under consideration can be accurately located in the tables, and its cost approximated. A cost index and table for figuring depreciation are included, with detailed instructions for their adaptation to local conditions. A complete appraisal form is appended, which serves as an illustrative example for the different processes described.

WADE S. SMITH

*

The Government of Texas. Edited by S. D. Myres, Jr. Dallas, Arnold Foundation, Southern Methodist University, 1934. 148 pp. $1.00 paper, $1.75 cloth.

This volume represents a survey of Texas government, as viewed by a group of observers speaking at the First Conference on Public Affairs held early in 1934. The several contributors, almost all of whom are affiliated with Texas universities, discussed various phases of history and government in the state, emphasizing problems, trends, and means of improvement. The special fields covered include revising the constitution, improving the legislative product, reorganizing the state administration, reforming the judicial system, suffrage, direct primary, taxation, regulation of business, social activities, education, reporting, and county and city government.

*

Fire Insurance Classification of Cities and Fire Losses. By Harold A. Stone. Chicago, Public Administration Service, 1934. 25 pp. Fifty cents.

Mr. Stone has put into brief and very readable form a considerable amount of interesting and valuable information on the somewhat obscure subject of fire insurance rates. He describes clearly the basis on which is made the existing classification of cities—which determines the premiums required of their residents. Actual analysis of fire loss over a period of years, however, reveals that the relationship between loss and classification is not constant and the author suggests that this discrepancy indicates the need for an improved measuring schedule for fire protection. Fire insurance is as much a part of the home-owner's burden as the taxes he pays for municipal fire protection. This monograph may vitally affect both. It certainly offers a distinct challenge to the insurance companies to utilize the data on results as well as the existent theory concerning them, in determining insurance classifications.

*

Personnel and Salary Trends in Municipal Departments, Minneapolis, Minn., 1926-1934. By Karleen Fawcett. Minneapolis, Taxpayers Association, 1934. 36 pp.

Personnel and wage policies of the various boards and departments in Minneapolis have varied widely. Consequently, facts and figures as a basis for authoritative statements as to the number of employees and their salaries were difficult to secure. Miss Fawcett's survey supplies the missing data. A number of tables show, for the various municipal agencies, salary and personnel trends for representative years from 1926 to 1934. The details are valuable, but the final table in the study is of most general interest. This shows the total pay-roll of the departments in 1926, 1929, 1932, and 1933, the average number of employees for these years and 1934 and the ratio of employees in the later years to 1926. Practically all departments have reduced their total pay-rolls and well over half have reduced their personnel.

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